

Limited Liability Company
“Coffee Address Holding”

unifed registration number 40203047754



CONSOLIDATED REPORT

for the period ended 31 March 2023

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 – March 31, 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 Q1-2023, the Group demonstrated solid financial performance with sales reaching 10.3 mln. EUR, which is 19% increase compared to Q1-2022.



~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. €10.3m

sales in Q1 2023

c. 4.8m EUR

Gross Profit in Q1 2023

35%

Equity

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3M 2023	2022
	EUR (Unaudited)	EUR (Audited)
Revenue from contracts with customers	10 388 295	39 101 194
Cost of materials	(5 599 413)	(20 247 005)
GROSS PROFIT	4 788 882	18 854 189
Personnel costs	(2 278 421)	(8 637 975)
Other operating costs	(893 255)	(3 425 347)
Loss from disposal of fixed assets, net	(2 095)	(97 333)
Depreciation and amortization	(1 231 439)	(4 532 953)
OPERATING PROFIT	383 671	2 160 582
Finance costs	(449 016)	(1 430 856)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(65 345)	729 726
Income tax expense	43 295	(212 082)
PROFIT OR LOSS FOR THE YEAR	(22 050)	517 644
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(22 050)	517 644

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31/03/2023 EUR (Unaudited)	31/12/2022 EUR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		16 363 963	16 406 860
Intangible assets		25 332 539	25 287 750
Non-current financial assets		133 357	140 211
Deferred tax assets		363 234	363 234
	TOTAL	42 193 093	42 198 055
CURRENT ASSETS			
Inventories		5 031 843	5 071 117
Trade receivables		2 633 929	2 385 581
Prepayments and other receivables		1 186 257	1 165 946
Cash		2 562 916	1 725 237
	TOTAL	11 414 945	10 347 881
TOTAL ASSETS		53 608 038	52 545 936
EQUITY AND LIABILITIES			
EQUITY			
Issued capital		6 086 215	6 086 215
Share premium		11 156 085	11 156 085
Retained earnings		(2 805 416)	(3 323 060)
Loss for the year		(22 050)	517 644
TOTAL Equity attributable to equity holders of the parent		14 414 834	14 436 884
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	1	5 486 958	6 241 184
Issued bonds	2	8 000 000	8 000 000
Loan from shareholders		4 424 294	4 377 294
Other non-current financial liabilities	3	1 966 851	2 035 271
Deferred income non-current		1 438 259	1 565 548
Deferred tax liability		398 482	398 482
Provisions		40 354	40 354
	TOTAL	21 755 198	22 658 133
CURRENT LIABILITIES			
Trade payables		4 271 315	3 169 701
Interest-bearing loans and borrowings	1	5 247 168	5 522 940
Other current financial liabilities	3	1 372 362	2 228 261
Deferred income current		640 815	640 815
Other current liabilities		5 906 346	3 889 201
	TOTAL	17 438 005	15 450 919
TOTAL LIABILITIES		39 193 204	38 109 052
TOTAL EQUITY AND LIABILITIES		53 608 038	52 545 936

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Retained earnings	Total
BALANCE AS AT 31 DECEMBER 2020	5 672 903	8 781 897	(1 487 206)	12 967 594
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	(3 323 064)	13 919 236
Increase in share capital	-	-	-	-
Loss for the reporting period	-	-	517 644	517 644
Total comprehensive loss	-	-	517 644	517 644
BALANCE AS AT 31 December 2022	6 086 215	11 156 085	(2 805 420)	14 436 884
Increase in share capital	-	-	-	-
Profit for the reporting period	-	-	(22 050)	(22 050)
Total comprehensive income	-	-	(22 050)	(22 050)
BALANCE AS AT 31 March 2023	6 086 215	11 156 085	(2 827 470)	14 414 834

CONSOLIDATED STATEMENT OF CASH FLOWS

	3M 2023 EUR (Unaudited)	2022 EUR (Audited)
<u>OPERATING ACTIVITIES</u>		
Profit /(loss) before tax	(65 345)	729 726
Adjustments to reconcile profit before tax to net cash flows:		
o depreciation and impairment of property, plant and equipment	1 171 807	4 345 737
o amortization and impairment of intangible assets	59 632	187 216
o net foreign exchange differences	894	6 103
o loss from disposal of property, plant and equipment	2 095	97 333
o finance costs	448 122	1 424 753
o movement in other provisions	-	17 615
Working capital adjustments:		
o (increase) in trade and other receivables and prepayments	(261 804)	(1 098 226)
o (increase)/decrease in inventories	39 274	(1 334 756)
o increase in trade payables and other liabilities	3 103 313	207 406
	4 497 988	4 582 907
NET CASH FLOWS FROM OPERATING ACTIVITIES	4 497 988	4 582 907
<u>INVESTING ACTIVITIES</u>		
Proceeds from sale of property, plant and equipment ¹	33 075	271 971
Purchase of property, plant and equipment, net	(1 040 595)	(3 089 805)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1 007 520)	(2 817 834)
<u>FINANCING ACTIVITIES</u>		
Receipt of shareholder investment	-	500 000
Bonds issued	-	8 000 000
Payment of finance lease liabilities	(396 553)	(1 358 933)
Government support: tax loan increase or (decrease)	(845 181)	(3 234 292)
Proceeds from borrowings	-	1 468 000
Repayment of borrowings	(1 009 039)	(5 885 502)
Interest paid	(401 122)	(1 252 333)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(2 651 895)	(1 763 060)
Net foreign exchange difference	(894)	(6 103)
Net increase in cash	837 680	(4 090)
Cash at the beginning of the year	1 725 237	1 729 327
CASH AT THE END OF THE YEAR	2 562 917	1 725 237

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Interest-bearing loans and borrowings

	Interest rate, %	Maturity	31.03.2023	31.12.2022
Non-current interest-bearing loans and borrowings				
Obligation under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	24 442	33 780
Bank loan	4.25% + 3m Euribor	31.01.2026	5 462 516	6 207 405
Total Non-current part of long term interest-bearing loans			5 486 958	6 241 184
Current interest-bearing loans and borrowings				
Obligations under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	52 948	64 570
Bank loan	4.25% + 3m Euribor	31.01.2026	2 979 554	2 994 382
Covid-19 support loan	2.90%	10.04.2023	19 984	79 935
Overdraft	2.99% + 3m Euribor	31.07.2023	2 194 682	2 384 053
Total current part of long term interest-bearing loans			5 247 168	5 522 940
Total interest-bearing loans and borrowings			10 734 126	11 764 125

2. Bonds

	Interest rate, %	Maturity	31.03.2023	31.12.2022
Issued bonds				
Bonds (MIVA Covid-19 support fund), 3.00 million EUR	7.0% + 0.5% every year	15.03.2028	3 000 000	3 000 000
Bonds, 5.00 million EUR	9.00%	30.06.2025	5 000 000	5 000 000
Total Issued bond			8 000 000	8 000 000

3. Other Financial liabilities

	31.03.2023	31.12.2022
Non-current other financial liabilities		
Finance liability for coffee machines sales and repurchase transaction	531 883	522 414
Finance liabilities for right of use	1 360 206	1 353 972
Tax loans	74 762	158 885
Total Non-current other financial liabilities	1 966 851	2 035 271
Current other financial liabilities		
Finance liability for other equipment	-	45 563
Finance liabilities for right of use	751 214	800 492
Tax loans	621 148	1 382 205
Total Current other financial liabilities	1 372 362	2 228 261
Total other financial liabilities	3 339 213	4 263 532



FINANCIAL INDICATORS

There are restrictions in the prospectus for the senior secured bonds issued (ISIN LV00000802585).

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 31/03/2023
Debt Service Coverage Ratio	2.5
Equity Ratio	35%
Net Debt Leverage Ratio	2.6