

Limited Liability Company
“Coffee Address Holding”

registration number 40203047754



CONSOLIDATED REPORT

for the period ended 30 September 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 – September 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 9M-2023, the Group demonstrated solid financial performance with sales reaching 32.6 mln. EUR, which is 14% increase compared to 9M-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. €32.6m

sales in 9M 2023

c. 14.9m EUR

Gross Profit in 9M 2023

37%

Equity

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	9M 2023	2022
	EUR (Unaudited)	EUR (Audited)
Revenue from contracts with customers	32 629 367	39 101 194
Cost of materials	(17 678 249)	(20 247 005)
GROSS PROFIT	14 951 118	18 854 189
Personnel costs	(6 717 639)	(8 637 975)
Other operating costs	(2 582 868)	(3 425 347)
Gain/Loss from disposal of fixed assets, net	13 739	(97 333)
Depreciation and amortization	(3 767 030)	(4 532 953)
OPERATING PROFIT	1 897 321	2 160 582
Finance costs	(1 449 380)	(1 430 856)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	447 940	729 726
Income tax expense	41 201	(212 082)
PROFIT OR LOSS FOR THE YEAR	489 141	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	489 141	517 644

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30/09/2023	31/12/2022
		EUR (Unaudited)	EUR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		16 257 994	16 406 860
Intangible assets		25 355 711	25 287 750
Non-current financial assets		145 637	140 211
Deferred tax assets		363 234	363 234
	TOTAL	42 122 576	42 198 055
CURRENT ASSETS			
Inventories		4 697 024	5 071 117
Trade receivables		2 261 339	2 385 581
Prepayments and other receivables		1 159 408	1 165 946
Cash		2 003 343	1 725 237
	TOTAL	10 121 114	10 347 881
TOTAL ASSETS		52 243 690	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		(2 805 420)	(3 323 064)
Loss for the year		489 141	517 644
TOTAL Equity attributable to equity holders of the parent		14 926 021	14 436 880
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	1	11 418 373	6 241 184
Issued bonds	2	5 000 000	8 000 000
Loan from shareholders		4 531 800	4 377 294
Other non-current financial liabilities	3	2 098 675	2 035 271
Deferred income non-current		1 085 539	1 565 548
Deferred tax liability		398 482	398 482
Provisions		42 454	40 354
	TOTAL	24 575 322	22 658 133
CURRENT LIABILITIES			
Trade payables		3 868 546	3 169 701
Interest-bearing loans and borrowings	1	3 060 729	5 522 940
Other current financial liabilities	3	789 472	2 228 261
Deferred income current		640 814	640 815
Other current liabilities		4 382 784	3 889 206
	TOTAL	12 742 346	15 450 923
TOTAL LIABILITIES		37 317 668	38 109 056
TOTAL EQUITY AND LIABILITIES		52 243 690	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	0	2 787 500
Loss for the reporting period	0	0	(1 835 858)	(1 835 858)
Total comprehensive loss	0	0	(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	0	0	0	0
Loss for the reporting period	0	0	517 644	517 644
Total comprehensive loss	0	0	517 644	517 644
BALANCE AS AT 31 December 2022	6 086 215	11 156 085	(2 805 420)	14 436 880
Increase in share capital	0	0	0	0
Profit for the reporting period	0	0	489 141	489 141
Total comprehensive income	0	0	489 141	489 141
BALANCE AS AT 30 September 2023	6 086 215	11 156 085	(2 316 279)	14 926 021

CONSOLIDATED STATEMENT OF CASH FLOWS

	9M 2023	2022
	EUR (Unaudited)	EUR (Audited)
OPERATING ACTIVITIES		
Profit /(loss) before tax	447 940	729 726
Adjustments to reconcile profit before tax to net cash flows:		
o depreciation and impairment of property, plant and equipment	3 571 638	4 345 737
o amortization and impairment of intangible assets	195 391	187 216
o net foreign exchange differences	4 182	6 103
o gains/loss from disposal of property, plant and equipment	(39 313)	97 333
o finance costs	1 445 198	1 424 753
o provisions for bad debtors	-	-
o movement in other provisions	2 100	17 615
Working capital adjustments:		
o (increase) in trade and other receivables and prepayments	125 355	(1 098 226)
o (increase) in inventories	374 092	(1 334 756)
o increase in trade payables and other liabilities	691 722	207 406
	6 818 307	4 582 907
NET CASH FLOWS FROM OPERATING ACTIVITIES	6 818 307	4 582 907
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment ¹	57 568	271 971
Purchase of property, plant and equipment, net	(2 983 681)	(3 089 805)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2 926 113)	(2 817 834)
FINANCING ACTIVITIES		
Receipt of shareholder investment	0	500 000
Bonds issued	0	8 000 000
Payment of finance lease liabilities	(813 896)	(1 358 933)
Payment of principal portion of lease liabilities	0	0
Government grant received	0	0
Government support: tax loan increase or (decrease)	(1 308 770)	(3 234 292)
Proceeds from borrowings	1 209 616	1 468 000
Repayment of borrowings	(1 437 499)	(5 885 502)
Interest paid	(1 259 356)	(1 252 333)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(3 609 905)	(1 763 060)
Net foreign exchange difference	(4 182)	(6 103)
Net increase in cash	278 106	(4 090)
Cash at the beginning of the year	1 725 237	1 729 327
CASH AT THE END OF THE YEAR	2 003 343	1 725 237

¹ Excluding sold coffee machines with a possibility to sell the property back in the future. These 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	30.09.2023	31.12.2022
Non-current interest-bearing loans and borrowings				
Obligation under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	11 226	33 780
Bank loan	4.25% + 3m Euribor	-	-	-
Seb Bank loan	3.75% + 3m Euribor	29.05.2026	11 407 147	6 207 405
Total Non-current part of long term interest-bearing loans			11 418 373	6 241 184
Current interest-bearing loans and borrowings				
Obligations under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	29 985	64 570
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	580 040	2 384 053
Total current part of long term interest-bearing loans			3 060 729	5 522 940
Total interest-bearing loans and borrowings			14 479 102	11 764 125

2. Bonds

	Interest rate, %	Maturity	30.09.2023	31.12.2022
Issued bonds				
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
Total Issued bond			5 000 000	8 000 000

3. Other Financial liabilities

	30.09.2023	31.12.2022
Non-current other financial liabilities		
Finance liability for coffee machines sales and repurchase transaction	537 881	522 414
Finance liability for other equipment	-	-
Finance liabilities for right of use	1 560 793	1 353 972
Tax loans	-	158 885
Total Non-current other financial liabilities	2 098 675	2 035 271
Current other financial liabilities		
Finance liability for coffee machines sales and repurchase transaction	-	-
Finance liability for other equipment	-	45 563
Finance liabilities for right of use	557 152	800 492
Tax loans	232 320	1 382 205
Total Current other financial liabilities	789 472	2 228 261
Total other financial liabilities	2 888 147	4 263 532



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 30/09/2023
Debt Service Coverage Ratio	1.8
Equity Ratio	37%
Net Debt Leverage Ratio	2.6