

Limited Liability Company
“Coffee Address Holding”

registration number 40203047754



**COFFEE
ADDRESS**

CONSOLIDATED REPORT

for the period ended 31 December 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 – December 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 12023, the Group demonstrated solid financial performance with sales reaching 44.2 mln. EUR, which is 13% increase compared to 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. €44.2

sales in 2023

c. 20.4m EUR

Gross Profit in 2023

38%

Equity

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	12M 2023	2022
	EUR (Unaudited)	EUR (Audited)
Revenue from contracts with customers	44 190 162	39 101 194
Cost of materials	(23 801 723)	(20 247 005)
GROSS PROFIT	20 388 439	18 854 190
Personnel costs	(9 093 869)	(8 637 975)
Other operating costs	(3 689 341)	(3 425 347)
Gain/Loss from disposal of fixed assets, net	(10 272)	(97 333)
Depreciation and amortization	(5 058 448)	(4 532 953)
OPERATING PROFIT	2 536 509	2 160 582
Finance costs	(2 000 606)	(1 430 856)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	535 903	729 726
Income tax expense	(267 289)	(212 082)
PROFIT OR LOSS FOR THE YEAR	268 614	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	268 614	517 644

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31/12/2023	31/12/2022
		EUR (Unaudited)	EUR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		15 547 729	16 406 860
Intangible assets		25 378 993	25 287 750
Non-current financial assets		149 701	140 211
Deferred tax assets		277 919	363 234
	TOTAL	41 354 342	42 198 055
CURRENT ASSETS			
Inventories		4 982 225	5 071 117
Trade receivables		2 441 307	2 385 581
Prepayments and other receivables		1 024 541	1 165 946
Cash		1 248 142	1 725 237
	TOTAL	9 696 214	10 347 881
TOTAL ASSETS		51 050 557	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		268 614	517 644
TOTAL Equity attributable to equity holders of the parent		14 705 494	14 436 880
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	1	11 145 309	6 241 184
Issued bonds	2	5 000 000	8 000 000
Loan from shareholders		4 581 211	4 377 294
Other non-current financial liabilities	3	1 694 434	2 035 271
Deferred income non-current		958 950	1 565 548
Deferred tax liability		559 540	398 482
Provisions		38 678	40 354
	TOTAL	23 978 122	22 658 133
CURRENT LIABILITIES			
Trade payables		4 787 716	3 169 701
Interest-bearing loans and borrowings	1	2 887 700	5 522 940
Other current financial liabilities	3	875 775	2 228 261
Deferred income current		603 652	640 815
Other current liabilities		3 212 099	3 889 206
	TOTAL	12 366 941	15 450 923
TOTAL LIABILITIES		36 345 063	38 109 056
TOTAL EQUITY AND LIABILITIES		51 050 557	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	268 614	268 614
Total comprehensive income	0	0	268 614	268 614
BALANCE AS AT 31 December 2023	6 086 215	11 156 085	(2 536 806)	14 705 494

CONSOLIDATED STATEMENT OF CASH FLOWS

	12M 2023	2022
	EUR (Unaudited)	EUR (Audited)
OPERATING ACTIVITIES		
Profit /(loss) before tax	535 903	729 726
Adjustments to reconcile profit before tax to net cash flows:		
o depreciation and impairment of property, plant and equipment	4 863 056	4 345 737
o amortization and impairment of intangible assets	195 391	187 216
o net foreign exchange differences	4 319	6 103
o gains/loss from disposal of property, plant and equipment	(94 010)	97 333
o finance costs	1 996 287	1 424 753
o provisions for bad debtors	-	-
o movement in other provisions	(1 676)	17 615
Working capital adjustments:		
o (increase) in trade and other receivables and prepayments	76 189	(1 098 226)
o (increase) in inventories	88 892	(1 334 756)
o increase in trade payables and other liabilities	245 371	207 406
	7 909 724	4 582 907
NET CASH FLOWS FROM OPERATING ACTIVITIES	7 909 724	4 582 907
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment ¹	80 621	271 971
Purchase of property, plant and equipment, net	(3 387 679)	(3 089 805)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(3 307 058)	(2 817 834)
FINANCING ACTIVITIES		
Receipt of shareholder investment	0	500 000
Bonds issued	0	8 000 000
Payment of finance lease liabilities	(1 120 327)	(1 358 933)
Payment of principal portion of lease liabilities	0	0
Government grant received	0	0
Government support: tax loan increase or (decrease)	(1 541 090)	(3 234 292)
Proceeds from borrowings	1 386 625	1 468 000
Repayment of borrowings	(2 050 176)	(5 885 502)
Interest paid	(1 750 474)	(1 252 333)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(5 075 443)	(1 763 060)
Net foreign exchange difference	(4 319)	(6 103)
Net increase in cash	(477 095)	(4 090)
Cash at the beginning of the year	1 725 237	1 729 327
CASH AT THE END OF THE YEAR	1 248 142	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	31.12.2023	31.12.2022
Non-current interest-bearing loans and borrowings				
Obligation under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	350 838	33 780
Luminor Bank loan	4.25% + 3m Euribor	-	-	6 207 405
Seb Bank loan	3.75% + 3m Euribor	29.05.2026	10 794 470	-
Total Non-current part of long term interest-bearing loans			11 145 309	6 241 184
Current interest-bearing loans and borrowings				
Obligations under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	123 012	64 570
Luminor Bank loan	4.25% + 3m Euribor	-	-	2 994 382
Seb Bank loan	3.75% + 3m Euribor	29.05.2026	2 450 704	-
ALTUM Covid-19 support loan	2.90%	10.04.2023	-	79 935
Overdraft	2.99% + 3m Euribor	30.04.2023	313 984	2 384 053
Total current part of long term interest-bearing loans			2 887 700	5 522 940
Total interest-bearing loans and borrowings			14 033 009	11 764 125

2. Bonds

	Interest rate, %	Maturity	31.12.2023	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

	31.12.2023	31.12.2022
Non-current other financial liabilities		
Finance liability for coffee machines sales and repurchase transaction	540 523	522 414
Finance liability for other equipment	-	-
Finance liabilities for right of use	1 153 911	1 353 972
Tax loans	-	158 885
Total Non-current other financial liabilities	1 694 434	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	875 775	800 492
Tax loans	0	1 382 205
Total Current other financial liabilities	875 775	2 228 261
Total other financial liabilities	2 570 208	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 31/12/2023
Debt Service Coverage Ratio	1.55
Equity Ratio	38%
Net Debt Leverage Ratio	2.61