



COFFEE ADDRESS

SIA Coffee Address Holding
Registration No. 40203047754
LEI: 984500HE375C1EDEE028

TERMS OF THE NOTES ISSUE

ISIN:	LV0000802585
Type of security:	Unsecured Notes
Nominal:	EUR 1,000.00 (one thousand Euro)
Nominal value of the issue:	EUR 5,000,000.00 (five million Euro)
Annual Coupon Rate:	9.00 %
Maturity:	30 June 2025

These Terms of the Notes Issue are not a prospectus for the purposes of the Prospectus Regulation and no competent authority of any Member State has examined or approved the contents thereof. These Terms of the Notes Issue have been prepared on a basis that all offers of the debt securities are issued by the Issuer according to these Terms of the Notes Issue and will be made pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Regulation.

The issue of the Notes is a private placement and there is no intention of the Issuer to list the Notes on a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("MiFID II").

The Issuer is a company incorporated and existing under the Applicable Laws of the Republic of Latvia and the Applicable Laws allow for the Issuer to record the issue with the central securities depository of Latvia – Nasdaq CSD.

The decision of the Issuer to organize the issue of the Notes has been passed in compliance with the Applicable Laws of the Republic of Latvia. The issue of the Notes, including the relationship between the Issuer and prospective investors or any third parties, and their respective rights and duties attached to the Notes is governed by the Applicable Laws of the Republic of Latvia.

These Terms of the Notes Issue do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

MiFID II product governance - solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and respective retail clients are appropriate. Any person subsequently offering, selling or recommending the Notes should take into consideration the manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of

Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.

Before deciding to purchase the Notes, prospective investors must make their own assessment as to the suitability of investing in the Notes. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;*
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;*
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and*
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*

In addition, before deciding to purchase the Notes, prospective investors should carefully review and consider the risk factors described herein. Should one or more of the risks materialize, this may have a material adverse effect on the cash flows, results of operations, and financial condition of the Issuer. If any of these risks materialize, the market value of the Notes and the likelihood the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the Noteholders could lose all or part of their investments.

Any previous discussions or presentations provided to prospective investors were solely for information purposes and the Notes are issued in accordance with these Terms of the Notes Issue. A prospective investor should not make an investment decision relying solely upon the information provided in the prospective investor presentation or otherwise.

Arranger:



6 July 2022

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DEFINITIONS

Acquisition:	Any transaction or series of related transactions pursuant to which the Group has acquired a participation in the equity capital of, or a control in, a person if that person pursuant to the IFRS has to be consolidated into the Group, or any acquisition or transfer of an operating division or business unit of any other person to the Group which under the Applicable Law constitutes a transfer of enterprise or an independent part thereof (in the meaning of the Commercial Law of Latvia) or an equivalent legal concept under the relevant Applicable Law.
Adjusted Equity:	The aggregate book value of the Group's total equity (including minority interest, if applicable) on consolidated basis, increased by Subordinated Debt, according to the most recent Financial Report.
AML:	Anti-money laundering and counter terrorism and proliferation financing.
Applicable Laws:	Any applicable law, including without limitation: (a) the regulations of the FCMC, Nasdaq Riga and Nasdaq CSD; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether state, local, foreign, or EU; and (c) the laws and regulations of the Republic of Latvia, the Republic of Lithuania, the Republic of Estonian and any legal acts in each other country in which the Issuer or any Guarantor operates.
Arranger:	Signet Bank AS, a Latvian credit institution registered in the Register Enterprises of the Republic of Latvia under registration No. 40003076407.
Business Day(s):	Business Day(s) is a day when Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
Cash and Cash Equivalents:	Cash and cash equivalents according to the most recent Financial Report.
Change of Control:	The occurrence of an event or series of events whereby, a person (natural person or legal entity) or group of persons acting in concert (directly or indirectly) acquires the influence (whether by way of ownership of shares, contractual arrangement or otherwise) to: (a) cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a general meeting of the shareholders of the Issuer; or (b) appoint or remove or control the appointment or removal of a majority of the management board or supervisory board members or other equivalent officers of the Issuer. For the sake of clarity, a Change of Control does not occur if there is a change between the Existing Shareholders (including, where any changes to the management board or supervisory board members, if a supervisory board is appointed, or other equivalent officers of the Issuer takes place) and the Existing Shareholders maintain jointly or individually more than 50% (fifty percent) of the maximum number of votes that might be cast at a general meeting of the shareholders of the Issuer.
Collateral Agent:	A person authorized to act with the Guarantee in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement, initially ZAB Eversheds Sutherland Bitāns SIA, a law firm registered

with the Latvian Bar Association and registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203329751 and with a registered address at: Lāčplēša iela 20A - 9, Riga, LV-1011, the Republic of Latvia, e-mail: birojs@eversheds-sutherland.lv, phone number: +371 67 280 102.

Collateral Agent Agreement:

The agreement entered into between the Issuer and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent in relation to the enforcement of the Guarantee, as provided in these Terms of the Notes Issue, in the interests of the Noteholders, as well as the Collateral Agent's compensation. The Collateral Agent Agreement is enclosed as Annex 1 to these Terms of the Notes Issue and constitutes an integral part thereof.

Company or Issuer:

SIA Coffee Address Holding, a company registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203047754 and with a registered address at: Jaunmoku iela 34, Riga, LV-1046, the Republic of Latvia.

Consolidated Debt Service Charges:

The Group's consolidated scheduled principal payments pursuant to the agreements on Financial Indebtedness and interest payments, including interest swap payments, on Financial Indebtedness calculated for the Relevant Period.

Consolidated EBITDA:

Net profit of the Group for the Relevant Period calculated according to the most recent Financial Reports:

- (a) increased by any amount of tax on profits, gains or income paid or payable;
- (b) increased by any interest expense, fees for financing agreements and lease expenses;
- (c) before taking into account any exceptional items which are not in line with the ordinary course of business and any non-cash items (such as e.g., asset revaluation or write-down);
- (d) before taking into account any gains or losses on any foreign exchange gains or losses;
- (e) increased by any amount attributable to the amortization, depreciation or depletion of assets; and
- (f) reduced by any interest and similar financial income.

Coupon:

Interest on the Notes calculated in accordance with the Clause 11. (*Coupon*).

Coupon Payment Date:

Coupon payments shall be made four times per year – on each 31 March, 30 June, 30 September and 31 December.

Custodian:

Nasdaq CSD participant directly or a licensed credit institution or an investment brokerage company that has a financial securities' custody account with a Nasdaq CSD participant.

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

	(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.
EUR:	Euro (the single currency of the Member States of the European Monetary System).
Event of Default:	Any event or circumstance set out in Clause 15.3. of these Terms of the Notes Issue.
Existing Shareholders:	BaltCap Private Equity Fund II SCSp, registration No. B184094, registered address: 8, rue Lou Hemmer L - 1748 Senningerberg, Luxembourg, and BaltCap Private Equity Fund II EIF Co-Investment SCSp, registration No. B206629, registered address: 8, rue Lou Hemmer, L-1748 Senningerberg, Luxembourg.
Fair Market Value:	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving any distress of either party, determined in good faith by the management board of the Issuer.
FCMC:	Financial and Capital Market Commission (in Latvian: <i>Finanšu un kapitāla tirgus komisija</i>).
Financial Indebtedness:	The outstanding aggregate amount of total indebtedness according to the most recent Financial Report, including: (a) monies borrowed and debt balances at banks or other financial institutions; (b) any amount raised pursuant to the issue of notes or any similar instrument, including the Notes; (c) the amount of any liability in respect of any financial lease; (d) any amount raised under any other transaction having the commercial effect of a borrowing and treated as a borrowing under IFRS; (e) any derivative transaction based on mark-to-market value; (f) any counter-indemnity obligation in respect of a guarantee or any other instrument issued by a bank or financial institution; and (g) without double-counting any guarantee or other assurance against financial-loss in respect of a type referred to the above items (a) to (f). but, excluding any Subordinated Debt.
Financial Report:	The annual consolidated audited financial report of the Group and the quarterly consolidated unaudited report (as applicable) of the Group prepared in accordance with IFRS.
Financial Year:	For the Issuer, each year starting on 1 January and ending on 31 December.
First North:	The Multilateral Trading Facility (MTF) First North, operated by Nasdaq Riga.
First Settlement Date (Issue Date):	The date on which interest on the Notes starts to accrue: 8 July 2022.

Force Majeure Event:	Has the meaning set forth in Clause 18. (<i>Force Majeure</i>).
Fund:	KŪB “Pagalbos verslui fondas”, legal entity code 305640822, having its registered office at Lukiškių str. 2, Vilnius, the Republic of Lithuania.
Group:	The Issuer and its Subsidiaries.
Guarantee:	Joint and several guarantee made by the Guarantors for the fulfilment of the Issuer’s obligations under the Notes.
Guarantor:	An entity providing the Guarantee of fulfilment of the Issuer’s obligations under the Notes. The Notes shall be guaranteed by the subsidiaries indicated in Clause 9.1. (<i>Guarantee</i>).
IFRS:	International Financial Reporting Standards as endorsed in the EU based on Regulation (EC) No 1606/2002 to the extent applicable to the relevant financial statements.
Investor(s):	The Noteholders.
Luminor Bank AS:	Luminor Bank AS, registration No 11315936, registered address: Liivalaia 45, 100145, Tallinn, the Republic of Estonia, represented within the Republic of Latvia by Luminor Bank AS Latvian branch, registration No 40203154352, registered address: Skanstes iela 12, Riga, LV-1013, the Republic of Latvia;
Majority Noteholders:	Noteholders who collectively hold in aggregate the Notes with the Nominal Value representing at least 1/2 (one half) of the aggregate Nominal Value of all outstanding Notes plus at least one additional Note. The Issuer, its direct or indirect shareholders and the Related Parties holding any such Notes are not eligible for voting.
Maturity Date:	The date when the Notes shall be repaid in full at their Nominal Value by the Issuer, which is 30 June 2025.
Minimum Settlement Unit:	The minimum amount which can be held and traded, which is equal to the Nominal Value.
Nasdaq CSD:	Nasdaq CSD SE, registration No. 40003242879, registered address at: Valņu iela 1, LV-1050, Riga, the Republic of Latvia.
Nasdaq Riga:	AS “Nasdaq Riga”, registration No. 40003167049, registered address at: Valņu iela 1, LV-1050, Riga, the Republic Latvia.
Net Debt:	The aggregate amount of the Financial Indebtedness of the Group minus the sum of cash and cash equivalents of the Group, including marketable securities, as per 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.
Nominal Value:	Face value of a single Note, which is EUR 1,000.00 (one thousand Euro).
Note(s):	The debt security issued by the Issuer according to these Terms of the Notes Issue.

Noteholder(s) or Investor(s):	A private person or legal entity that is an owner of one or more Notes and has a claim against the Issuer as provided in these Terms of the Notes Issue.
Permitted Security:	<ul style="list-style-type: none">(a) Security granted in favor of Luminor Bank AS at the date of these Terms of the Notes Issue or later;(b) Security granted in favor of the Fund at the date of these Terms of the Notes Issue;(c) any netting or set-off arrangement entered into by the Issuer or any Subsidiary in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;(d) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by the Issuer or any Subsidiary for the purpose of: (i) hedging any risk to which the Issuer or any Subsidiary is exposed in its ordinary course of trading; or (ii) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes on; excluding, in each case, any Security under a credit support arrangement in relation to a hedging transaction;(e) any Security created over any asset of any company which becomes a Subsidiary after the Issue Date, where such Security is created: (i) prior to the date on which the company becomes a Subsidiary, provided that such Security was not created in contemplation of the acquisition of such company; or (ii) simultaneously with the acquisition of such company for the sole purpose of financing the acquisition of such company;(f) any Security arising under the sale and leaseback of assets owned by the Issuer or any Subsidiary;(g) any Security arising under any retention of title or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer or any Subsidiary in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer or any Subsidiary;(h) any Security arising by operation of law; or(i) any other Security approved by the Majority Noteholders.
Potential Investor(s):	A private person or legal entity that has, according to the terms stated in these Terms of the Notes Issue, expressed interest or is planning to purchase for its own account one or more Notes.
Pro-forma Debt Service Charges:	The sum of the Consolidated Debt Service Charges over the Relevant Period plus, to the extent not already reflected in the Consolidated Debt Service Charges, Debt Service Charges over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.
Pro-Forma EBITDA:	The sum of Consolidated EBITDA over the Relevant Period plus, to the extent not already reflected in Consolidated EBITDA, EBITDA over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.
Prospectus Regulation:	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14

June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Related Parties: Persons listed in Article 184.¹ of the Commercial Law.

Relevant Period: Each period of 12 (twelve) consecutive calendar months, fixed at the end of each calendar quarter.

Sanctions: Economic or financial sanctions, trade embargoes and similar measures imposed, administered or enforced from time to time by the Republic of Latvia, European Union, United Nations, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and any competent authority.

Security: Has the meaning set forth in Clause 14. (*Undertakings*).

Settlement Unit Multiple: Multiple that defines the settlement quantity or nominal must be a multiple of the Minimum Settlement Unit.

Subordinated Debt: Debt of the Issuer to its direct or indirect shareholders that is subordinated to the Notes to the extent of EUR 5,000,000 (five million Euro) (i.e., the principal amount and interest of such debt is payable only after settlement of all of the obligations under the Notes).

As of 31 May 2022 the amount of the Subordinated Debt is equal to 4 275 175 EUR.

Subsidiary: An entity:

- (a) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer.

On the date of these Terms of the Notes Issue, the Issuer has four subsidiaries:

- (c) Coffee Address SIA, a limited liability company registered with the Register of Enterprises of the Republic of Latvia under registration No. 40003174017, legal address: Mūkusalas iela 42, Riga, LV-1004, the Republic of Latvia;
- (d) Coffee Address UAB, a limited liability company registered with the Register of Legal Entities of the Republic of Lithuania under registration No. 111435033, legal address: Parko st. 39, Avižieniai, LT-14198 Vilnius district, the Republic of Lithuania;
- (e) Coffee Address OÜ, a limited liability company registered with the Estonian Centre of Registers of the Republic of Estonia under registration No. 10260239, legal address: Osmussaare tee 5/ Taevakivi 1, 13811 Tallinn, the Republic of Estonia; and
- (f) Payment Systems SIA, a limited liability company registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203144617, legal address: Kauguru iela 6, Riga, LV-1046, the Republic of Latvia.

Terms of the Notes Issue: This document, which entitles the Issuer to execute the Issue and the initial offering of the Notes.

RISK FACTORS

BELOW IS A DESCRIPTION OF THE RISK FACTORS THAT ARE MATERIAL FOR THE ASSESSMENT OF THE MARKET RISK ASSOCIATED WITH THE NOTES AND RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES, AS WELL AS THE MARKET PRICE AND VALUE OF THE NOTES. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALISE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE GROUP. MOREOVER, IF ANY OF THESE RISKS MATERIALISE, THE MARKET VALUE OF THE NOTES AND THE LIKELIHOOD THAT THE ISSUER WILL BE IN A POSITION TO FULFIL ITS PAYMENT OBLIGATIONS UNDER THE NOTES MAY DECREASE, IN WHICH CASE THE PROSPECTIVE INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

THE RISK FACTORS DESCRIBED HEREIN ARE THE RISKS WHICH THE ISSUER HAS DEEMED MATERIAL; HOWEVER, THEY ARE NOT THE ONLY FACTORS AFFECTING THE ISSUER'S ACTIVITIES. THEREFORE, THE ISSUER DOES NOT CLAIM THAT THE STATEMENTS BELOW REGARDING THE RISKS OF ACQUIRING AND/OR HOLDING ANY NOTES ARE EXHAUSTIVE. ALSO, OTHER FACTORS AND UNCERTAINTIES THAN THOSE MENTIONED HEREIN, WHICH ARE CURRENTLY UNKNOWN OR DEEMED IMMATERIAL, COULD NEGATIVELY AFFECT THE GROUP'S CASH FLOWS, RESULTS OF OPERATIONS AND, THEREBY, THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES, AS WELL AS THE MARKET PRICE AND VALUE OF THE NOTES. MOREOVER, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT SEVERAL OF THE DESCRIBED RISK FACTORS CAN OCCUR SIMULTANEOUSLY AND TOGETHER WITH OTHER CIRCUMSTANCES COULD HAVE A POTENTIALLY STRONGER IMPACT ON THE GROUP.

BEFORE DECIDING TO PURCHASE THE NOTES, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THESE TERMS OF THE NOTES ISSUE, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY.

RISKS RELATED TO THE ECONOMIC AND REGULATORY ENVIRONMENT

Macroeconomic risk

The Group's results of operations and financial performance are subject to changes in the general economic conditions of the markets in which it sells its products, in particular, Estonia, Latvia and Lithuania, which accounted for 18%, 32% and 50% respectively, of total consolidated revenue for the year ended December 31, 2021. Changes in general economic conditions directly impact consumer confidence and consumer spending as well as the general business climate and levels of business investment, all of which affect the demand for the Group's products and services. Moreover, consumer confidence, consumer spending and/or general economic conditions may deteriorate significantly and remain depressed for extended periods of time. A negative development in general economic conditions or consumer confidence and consumer spending could have a negative effect on Group's results of operations, revenue and cash flows.

Downturns in general economic conditions and uncertainties regarding future economic prospects which affect consumers' disposable income pose a risk to the Group's business, because consumers and businesses may postpone spending in response to tighter credit markets, unemployment, negative financial news or declines in income or asset values, which could have a material adverse effect on demand for the Group's products. Discretionary spending is affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates and availability of consumer credit. These and other such macroeconomic factors are outside the Group's control.

Recessionary conditions and uncertainty in the macroeconomic environment may also adversely impact the Group's clients' decisions to enter into new agreements or prolong the existing agreements for the use of products and services of the Group as well as consumers' discretionary consumption patterns. Lower purchasing power may lead consumers to make fewer beverage, snack and impulse purchases from vending machines, which could have a material adverse effect on its business, financial condition and results of operations.

The ongoing global pandemic risk

The global economy has experienced a period of uncertainty since the outbreak of Covid-19, in March 2020. The global outbreak of Covid-19, and the extraordinary health measures and restrictions on both a local and global basis imposed by authorities across the world has caused, and are expected to continue to cause, disruptions in

the Group's value chain. Imposed restrictions related to Covid-19 related and high number of confirmed cases particularly had negative effect on the Group's financial result in 2020 and 2021, mostly due to decreased demand in indoor vending and office solution segments which were directly impacted by physical restrictions and adopted work from home policies. To mitigate this effect, the Group has entered the outdoor vending segment which, while having shown strong growth, has not been able to fully offset the decrease in the indoor vending and office solution segments during the waves of the Covid-19 pandemic.

As a result of the Covid-19 pandemic, national authorities have adopted several laws and regulations with immediate effect and which provide a legal basis for the government to implement measures in order to limit contagion and the consequences of Covid-19. The pandemic situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Group's operations may enter into force. Additionally, the spread of Covid-19 among the Group's workforce can cause operation disruptions, thus, negatively affecting the Group's revenue base. Thus, the effects of the Covid-19 (or a new pandemic) situation could in turn negatively affect the Group's revenue and operations going forward, where the severity of the situation in the future and the exact impacts for the Group are highly uncertain.

Geopolitical risk

In February 2022, Russia started invasion of Ukraine. This has led to significant volatility in the global credit markets and on the global economy. Furthermore, war in Ukraine has resulted in sanctions on Russian and Belarussian suppliers and have triggered production chain disruptions in many industries globally that could potentially negatively affect the availability and cost of certain materials, and have intensified general inflationary pressures. The Group may not be able to transfer the rising costs to its customers by increasing the prices of its products and services, and such price increases may not be sufficient to fully cover the negative impact from rising costs or may come with a delay that could potentially leave a negative impact on the Group's margins and financial performance.

Although, as of the date of the Terms of the Notes Issue, the war has had no direct material impact on the Group's operations and financial performance, introduction of new sanctions packages, general deterioration of the economic situation or investor sentiment towards the Baltics and other aspects related to geopolitical events may affect the Group's business results.

Regulatory risk

The food and beverage industry is regulated by various European and national legislation and regulations related to food safety and hygiene, packaging, nutritional information, public tenders for placement of vending machines on public premises and broader public health and diet concerns. In addition, the Group could be affected in the future by stricter requirements regarding energy consumption of its vending machines and the use of recyclable or biodegradable containers in connection with its coffee vending machines. Compliance with such laws and regulations could require the Group to make additional investments in new vending machines and equipment, and failure to comply could result in the imposition of fines and other remedial measures. Any such changes in regulations or costs incurred to comply with stricter regulations could adversely affect the Group's business, financial condition and results of operations.

Taxation risk

Changes to the local tax regime or challenges to the current tax structures of the Group's business could have a material adverse effect on the Group's business, financial condition or results of operations. Additionally, certain tax positions taken by the Group require the judgement of management and, thus, could turn to be inefficient or challenged by tax authorities due to possible erroneous interpretation of tax legislation.

Financial leverage risk

The Group's financial leverage in recent years has increased due to continued high levels of capital expenditure financed by additional borrowings during the Covid-19 pandemic. While the Group expects its financial leverage to decrease due to scheduled amortization of Financial Indebtedness and normalization of EBITDA in post-Covid environment, there can be no assurance that this will materialize, which could result in negative consequences for the Group. Such consequences would include, but are not limited to, requiring the Group to dedicate a substantial portion of its cash flows for financing debt, increasing vulnerability to a downturn in the Group's

business operations or general economic conditions, placing the Group at a competitive disadvantage relative to its competitors with lower leverage, limiting flexibility in reacting to competition or changes in the business or industry. Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations under the Notes.

Retention of key personnel

The Group's business and prospects depend to a significant extent on the continued services of its key personnel in its various business areas. Financial difficulties or lack of industry sustainability could negatively impact the Group's ability to retain key employees. The loss of any of the members of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could adversely affect its business and results of operations.

Employee risk

As of December 31, 2021, the Group employs more than 300 full-time employees. The Group's employees are a significant part of the overall operations of the Group. Therefore, it is of high importance for the Group to have a professional team of employees with low employee turnover rate. To retain and motivate its personnel, the Group has a performance bonus scheme in place and the Group provides health insurance.

Additionally, in the future the Group may be unable to attract enough skilled employees that would fit the needs and the corporate culture of the Group. Training of new employees also takes time and resources. Any difficulties in attracting new and/or to retain existing employees could have a material adverse effect on the Group's service quality and reputation, business operations, financial conditions and results of operations.

Operational risks

Operational risk is a possibility of experiencing losses due to insufficient or unsuccessful internal processes, personnel management, systems, or external circumstances. Thorough personnel selection is carried out, accurate descriptions of job duties are compiled, division of duties is coordinated, which allows the Group and management to reduce operational risks. The Group's internal controls, procedures, compliance systems and risk management systems may prove to be inadequate to prevent and discover previous or future breaches of laws and regulations and generally to manage risks which could have a material adverse effect on the Group's business operations, financial conditions and results of operations.

Counterparty credit risk

Group is engaged in numerous sales transactions with its clients and suppliers, and the Group is subject to the risk that one or more of these counterparties becomes insolvent and therefore becomes unable to discharge their obligations to the Group. Such risk may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. If one of the Group's counterparties were to default on its obligations or otherwise be unable to discharge its contractual obligations, this could have an adverse effect on the Group's financial condition and results of operation.

Competition risks

The market segment of the food and beverage sector in which the Group operates is highly competitive. Depending on location, the Group's vending machines compete with a combination of cafes, kiosks, fast-food restaurants, delicatessens, sandwich shops, gas stations, convenience stores and supermarkets, among others. Furthermore, an increase in the number of other locations in close proximity to the Group's vending machines which sell the same or similar products the Group sells through its vending machines, or the extension of the opening hours of such locations, would increase the competitive environment and could result in consumers purchasing vending products or similar food and beverage product through other channels.

The Group's ability to maintain or increase prices in response to competitive pressures may also be limited. Additionally, increasing operating costs, including vending rents with certain clients, may offset improvements on margins that rising prices might otherwise produce. As a result, Group cannot assure that competitive dynamics will not require it to make higher than expected investments into its vending machine stock, or that it will be able to increase prices with sufficient flexibility and speed to preserve or increase Group's margins, any of which could have a material adverse effect on its business, financial position and results of operations.

Risk of increasing vending rent rates

The Group is generally required to pay vending fees, or vending rent, to place the vending machines in public locations. The Group may face pressure from its clients to increase the vending rent it pays to place its vending machines on their premises in the future. If such vending rent increases or the Group is unable to respond effectively to such pricing-related pressures, its profitability could suffer and the Group may fail to retain or obtain new clients. The Group's vending rent arrangements include fixed and variable rent agreements, or combinations thereof, and are based on certain factors, including, among others, public tender specifications, expected revenue, contract length, competitors' offers and the demographics of the relevant location or locations. Together with other factors, an increase in vending rent payable could significantly increase the Group's operating expenses in future periods and, as a result, have a material adverse effect on its business, financial condition and results of operations.

Risk of supply and logistics chain disruptions

A disruption in the Group's supply and logistics chain caused by transportation disruptions, delays or increased expenses, labour strikes, product recalls or other unforeseen events could adversely affect the Group's ability to restock its vending machines or repair, maintain and retrofit its vending and coffee machines. If the Group cannot secure alternative sources of supply or effectively manage a disruption if it occurs, daily vends and thereby revenue could be reduced until the Group is able to address the situation, and the Group is unlikely to recoup the loss of such vends. These events could cause the Group's revenue to decline, require additional resources to restore its supply and logistics chain or otherwise adversely affect the Group's business, financial condition and results of operations.

Risk of fluctuations in costs related coffee, fuel and other commodity prices

The Group's business operations rely on frequent restocking and maintenance of its machines at a multitude of locations. As a result, the Group is exposed to fluctuations in costs related to fuel and other transportation inputs – transportation costs corresponded to 11% of total operating expense in year 2021. In addition, the Group sources significant amounts of coffee for the operation of its coffee and vending machines. Supply and price of coffee beans can be affected by multiple factors, such as weather, pest damage, politics, competitive pressures and economics in the producing countries. The Group also procures food and beverage products from suppliers, the costs of which are indirectly linked to fluctuations in the prices of certain commodities such as cocoa, sugar and milk. There can be no assurance that the Group will be successful in passing on cost increases to clients or consumers without losses in vends, revenue or gross margin. As a consequence, sudden and significant changes in the prices of coffee and other commodities could have a material adverse effect on the Group's results of operations, liquidity and financial condition.

Risk of increase in labour and employment costs

Although, the Group has made substantial investments in digitalization to achieve productivity gains, labour and employment costs make up the majority of the Group's operating expenses – 77% for year 2021. The Group's labour and employment costs may rise in the future, or rise faster than expected, as a result of minimum wage increases, inflationary pressure, increased workforce activism, government decrees and changes in social and pension contribution rules. The Group may not be able to offset increases in labour and employment costs through productivity gains. If labour and employment costs increase in the future, the Group's operating costs will increase, which could, if the Group cannot recover these costs from its clients or consumers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on the Group's business, financial condition and results of operations.

Risk of capital expenditures

As of end 2021, the Group owned and operated a network of over 13 thousand coffee and vending machines. As part of the Group's business model, it acquires new machines for new client sites, refurbishes existing machines and replaces those that reach obsolescence. In the 2019, 2020 and 2021 the Group's total capital expenditures amounted to EUR 5.6 million, EUR 3.0 million and EUR 5.5 million, respectively, of which the largest part was made up of capital expenditures for coffee and vending machines and related equipment. The Group expects that its capital expenditures related to the purchase of new coffee and vending machines will remain relatively high in

the future to support the investment required to deliver business growth and maintain the existing machine park. As the Group's capital expenditure requirements vary from year to year based on different capital intensity in different business segments it can provide no assurance that required capital expenditure will not increase more than the Group anticipates. Furthermore, quality of acquired machines and thus their lifetime may not meet the Group's expectations leading to sooner than expected replacement and increasing capital expenditure needs. Such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks associated with the integration of acquisitions

As a consequence of the Group's previous acquisitions, it has recognized significant amounts of intangible assets and goodwill on its balance sheet. As of December 31, 2021, the Group had intangible assets of EUR 25.2 million, including goodwill of EUR 24.6 million. Intangible assets are initially measured at purchase or production cost. Goodwill is the excess of the cost of a business combination over the Group's share of the net fair value of those purchased assets, liabilities and contingent liabilities that can be identified individually and recognized separately. Goodwill is an intangible asset with an indefinite useful life. Intangible assets other than goodwill, or with a finite useful life, are amortized on a straight-line basis over their useful life. At the end of each financial year, and every interim accounting period, where there is any indication that an intangible asset may be impaired, its recoverable amount is calculated pursuant to impairment tests. The Group recognizes the difference between the carrying amount and the recoverable amount as impairment loss in the income statement. The amount of impairment losses that the Group is required to recognize in the future may be significant, particularly in the event of material acquisitions or products that perform below the Group's expectations.

Risk of information technology system failures, network disruptions and breaches in data security

The Group relies on information technology networks and systems to securely process, transmit and store electronic information and to communicate internally and with customers, partners and vendors. The Group may be subject to information technology system failures, network disruptions and breaches in data security. Information technology system failures could disrupt its operations by causing transaction errors, processing inefficiencies, delays or cancellations of customer orders, inability to carry out service activities remotely, loss of customers, other business disruptions, or the loss of or damage to intellectual property through security breaches. The Group's information systems could also be penetrated by outside parties who intend to extract information, corrupt information, disrupt business processes, or misappropriate its customer information. Such breaches and cyberattacks could lead to shutdowns or disruptions of the Group's systems and potential unauthorized disclosure of sensitive or confidential information, including personal data of, among others, the Group's employees, customers, contractors, vendors and other business partners.

In the event of such actions, the Group, its customers and other third parties could be exposed to potential liability, litigation, and regulatory or other government action, as well as to the loss of existing or potential customers, damage to brand and reputation, and other financial loss. In addition, the cost and operational consequences of responding to breaches and implementing remediation measures could be significant. As the Group's business and the cybersecurity landscape evolve, it may find it necessary to make significant further investments to protect data and infrastructure. However, there can be no assurance that such investments will prevent future cyberattacks or other threats from occurring which may result in material adverse effect on the Group's business, financial condition and results of operations or on its ability to service or otherwise make payments on the Notes and other indebtedness.

Any of these developments could have a material adverse effect on the Group's business, financial condition and results of operations or on its ability to service or otherwise make payments on the Notes and other Financial Indebtedness.

Risk of change of control

Since 2017 the Group has been 100% owned by its Existing Shareholders (BaltCap Private Equity Fund II SCSp and BaltCap Private Equity Fund II EIF Co-Investment SCSp). The funds are managed by BaltCap, the leading private equity investor in the Baltics. As the funds have a fixed lifespan, there is a risk that BaltCap may seek to exit or exit from its investment before the Maturity Date of the Notes, which could result in Change of Control of the Issuer. In case of Change of Control, the Noteholders have the option to exercise their Change of Control put option

(pursuant to Clause 12.3.); however, this may result in a shorter holding period of the Notes than initially expected by the Noteholder.

RISKS RELATED TO THE NOTES

Repayment risk

The Notes rank *pari passu* with other unsecured obligations of the Issuer. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the Applicable Laws. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured or unsecured liabilities of the Issuer.

Should the Company become insolvent, legal protection proceedings or out-of-court legal protection proceedings of the Company are initiated during the term of the Notes, an Investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. Investor is always solely responsible for the economic consequences of its investment decisions.

No security

The Notes are unsecured debt instruments and the Noteholders would be unsecured creditors in the event of the Company's or Guarantors insolvency.

At the date of the Terms of the Notes Issue a secured creditor of the Company is Luminor Banka AS (outstanding amount of debt (principal without interest) as of 31 May 2022 was 12 802 669 EUR). The Company's debt to Luminor Bank AS *inter alia* is secured by the pledges over shares and assets of the Company and the Guarantors, as well as guarantees provided by the Guarantors.

At the date of the Terms of the Notes Issue a secured creditor of Coffee Address UAB is the Fund (outstanding amount of debt (principal without interest) as of 31 May 2022 was 3 000 000 EUR). The debt of Coffee Address UAB to the Fund is secured by a subsequent ranking pledge over Coffee Address UAB shares and subsequent ranking pledge over the assets of Coffee Address UAB, and it is anticipated that on or around the Issue Date Coffee Address SIA and Coffee Address OÜ will also provide to the Fund the guarantees.

In the event of insolvency of the Company or any Guarantor, the Company's and Guarantors assets will be used for settling the claims of the Noteholders and other unsecured creditors only after the claims of the secured creditors and other preferential creditors are satisfied.

Furthermore, the Terms of the Notes Issue provides that all existing and future loans received from the Company's shareholders must be subordinated to the Notes. On or around the Issue Date the Existing Shareholder will sign an acknowledgement of subordination of existing and future loans granted to the Company to the Notes. Based on a freedom of contract principle, a party may agree to subordinate certain claims owed to it by a debtor to the claims of another creditor of the debtor, which is respectively considered as senior creditor, and contractual subordination arrangements are fairly common in financing transactions in Latvia; however, subordination is not expressly regulated under Latvian law, including in the context of insolvency, legal protection or enforcement proceedings, and thus, there is a risk that it may potentially not be honored or recognized by an insolvency administrator or a bailiff appointed in respect of the debtor or its assets.

No limitation on issuing additional debt

The Company is not prohibited from issuing further debt. If the Company incurs significant additional debt of an equivalent seniority with the Notes, it will increase the number of claims that would be equally entitled to receive the proceeds, including those related to the Company's possible insolvency. Further, any provision which confers, purports to confer, or waives a right to create security interest in favour of third parties, such as a negative pledge, is ineffective against third parties since: (i) it is an issue of a contractual arrangement only being binding upon the parties to such contractual arrangement; (ii) there is no specific legislation in Latvia providing beneficiaries of negative pledge undertakings or covenants with a preferred position vis-a-vis the claims of third parties; and (iii) no registry or public record exists in Latvia through which negative pledge undertakings or covenants could be filed to obtain a preferred position. Should the Company breach its obligations under such undertakings and covenants and create a security interest in favour of a third party, such third party would obtain

a valid and enforceable security interest over the pledged asset.

Liquidity risk

Neither the Company nor any other person guarantees the minimum liquidity of the Notes. Thus, the Investors should consider the fact that they may not be able to sell or may face difficulties in selling their Notes on the secondary market at a fair market value or at all.

Delisting risk

After registration of the Notes the Company plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga within 12 (twelve) months from the Issue Date. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity after admission to trading has taken place due to changes in legal acts, including Nasdaq Riga regulations, or recommendations by the FCMC.

Price risk

The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, overall economic development or demand for the Notes.

The Notes shall bear a fixed interest rate. Thus, Investors who seek to sell the Notes before their final maturity are exposed to interest rate risk: if the market interest rate increases, the price of fixed rate Notes typically declines.

Neither the Company, nor any other person undertakes to maintain a certain price level of the Notes. The Investors are thus exposed to the risk of unfavourable price development of their Notes if they sell the Notes prior to final maturity. If an Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

Early redemption risk

According to these Terms of the Notes Issue, the Notes may be redeemed prematurely at the initiative of the Company. If the early redemption right is exercised by the Company, the rate of return from the investment into the Notes may be lower than initially expected, as the Investor might not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Notes being redeemed. The Company's redemption right may also adversely impact the Investor's ability to sell such Notes.

Tax risk

Tax rates and tax payment procedure applicable at the moment of purchase of Notes to the tax residents, non-residents of Latvia and residents of other countries may change. The Company will not compensate the increase in taxes to Investors, therefore Investors may receive smaller net payments related to the Notes.

Resolutions of Investors risk

The decision by the Majority Noteholders is binding on all Investors. Thus, an Investor is subject to the risk of being outvoted by a majority of the other Investors. As such, certain rights of an Investor against the Company may be amended or reduced or even cancelled without its consent.

Risk that some Investors might have more preferential terms than others

While the Company will try to maintain the proportional reduction principle to the extent possible in final allocation of the Notes, in case the total number of Notes subscribed for is higher than the number of Notes available, the Company has a right to refuse all or part of the subscribed Notes to any Potential Investor at its sole discretion, thus, the proportionality principle might not be observed.

Additionally, the Company has the right to sell the Notes at a price lower than their Nominal Value to selected Investors and/or enter into agreements that may add additional rights to selected Investors if the Company perceives them as especially important for the Notes issue due to the size of their investment or added experience. This may result in a situation where some Investors might gain preferential terms for investment into the Notes than the rest of the Investors.

Risks associated with the Collateral Agent Agreement

The Investors are represented by the Collateral Agent in all matters relating to the Guarantee. There is a risk that the Collateral Agent, or anyone appointed by it, or replacing it, does not properly fulfil its obligations in terms of enforcing or taking other necessary actions in relation to the Guarantee. Subject to the terms of the Collateral Agent Agreement, the Collateral Agent is entitled to enter into agreements for the use of services of a third-party and appoint third-party representatives in the course of performance of its tasks and acts as stipulated in these Terms of the Notes Issue or take any other actions necessary for the purpose of enforcing the Guarantee or for the purpose of settling, among others, the Investors rights to the Guarantee.

The Guarantee will be subject to certain limitation on enforcement and may be limited by the applicable law or subject to certain defences that may limit its validity and enforceability

The Guarantee provide the Collateral Agent, acting for the benefit of the Noteholders, with a claim against the relevant Guarantor. However, the Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the Guarantee voidable or otherwise ineffective under the applicable law, and enforcement of the Guarantee would be subject to certain generally available defences.

Enforcement of the Guarantee against any Guarantor will be subject to certain defences available to the Guarantors in the relevant jurisdiction. Although, laws differ among jurisdictions, laws and defences generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, the Guarantors may have no liability or decreased liability under the Guarantee depending on the amounts of its other obligations and applicable law.

There is a possibility the entire Guarantee may be set aside, in which case the entire liability may be extinguished. If a court decides that the Guarantee was a preference, fraudulent transfer or conveyance and voids the Guarantee, or holds it unenforceable for any other reason, the Noteholders may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor.

The Notes will be guaranteed by the Guarantors, which are organised or incorporated under the laws of Latvia, Estonia and Lithuania. In the event of a bankruptcy, insolvency or similar event of a Guarantor, bankruptcy, insolvency or similar proceedings could be initiated against that Guarantor in any of the relevant jurisdictions. The rights of Noteholders under the Guarantee will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in several bankruptcy, insolvency and other similar proceedings.

Moreover, such multi-jurisdictional proceedings are typically complex and costly for the creditors. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the Issuer and the Guarantors may be materially different from, or in conflict with, one another, including in relation to the creditor's rights, the priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over laws of which jurisdiction(s) should apply and could adversely affect the ability to realise any recovery under the Notes and the Guarantee.

The enforcement of the Guarantee will be subject to the procedures and limitations set out in the Collateral Agent Agreement and these Terms of the Notes Issue

Even when the Guarantee is enforceable, the enforcement is subject to the procedures and limitations agreed in the Collateral Agent Agreement and these Terms of the Notes Issue. There can be no assurances as to the ability of the Investors to instruct the Collateral Agent to initiate any enforcement procedures. Furthermore, any enforcement of the Guarantee may be delayed due to the provisions of the Collateral Agent Agreement and these Terms of the Notes Issue.

The rights of the Investors depend on the Collateral Agent's actions and financial standing

By subscribing for, or accepting the assignment of, any Note, each of the Investors will accept the appointment of the Collateral Agent as the agent and representative of the Investors, to represent and act for the Investors in

relation to the Guarantee.

Only the Collateral Agent is entitled to exercise the rights under the Guarantee and enforce the same. Any failure by the Collateral Agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the Investors due to, for example, inability to enforce the Guarantee and/or receive any or all amounts payable from the Guarantee in a timely and effective manner.

Under the Collateral Agent Agreement, the Majority Noteholders may pass a decision to replace the Collateral Agent at any time. At any time, the Collateral Agent may resign from its role as the Collateral Agent with 1 (one) month notice. Furthermore, the Collateral Agent's liability to the Noteholders and the Guarantors is limited in accordance with Clause 9.4.10. and 9.4.11. As of the date of the Terms of the Notes issue the Collateral Agent's professional liability is insured with an insurance company If P & C Insurance AS Latvijas filiāle (registration number: 40103201449).

REPRESENTATIONS AND WARRANTIES, RESPONSIBILITY STATEMENT

REPRESENTATIONS AND WARRANTIES

The Issuer shall, in accordance with these Terms of the Notes Issue, issue the Notes and perform the obligations arising from the Notes to the Noteholders. The Issuer shall be liable to the Noteholders for due and complete fulfilment of its obligations under the Notes.

The Issuer represents and warrants to the Noteholders that:

- (a) the Issuer and the Guarantors are duly incorporated and validly existing as legal entities in their jurisdiction of incorporation, and operating under the laws of jurisdiction of their incorporation;
- (b) all the Issuer's and the Guarantors' obligations assumed under the Notes and the Guarantee are valid and legally binding to them and performance of these obligations is not contrary to Applicable Law, their constitutional documents or any agreement concluded by them;
- (c) the Issuer and the Guarantors have all the rights and sufficient authorizations to issue the Notes and to provide the Guarantee and fulfil other obligations under the Notes and the;
- (d) the Issuer and the Guarantors have performed all the formalities required for issuing the Notes and to provide the Guarantee and fulfil other obligations under the Notes and the Guarantee;
- (e) all information that is provided by the Issuer to the Noteholders in these Terms of the Notes Issue is true, accurate and complete and not misleading in any respect;
- (f) the Issuer and its Subsidiaries are solvent, able to pay its debts as they fall due, there are no liquidation or insolvency proceedings pending or initiated against the Issuer or its Subsidiaries;
- (g) there are no legal or arbitration proceedings pending or initiated against the Issuer or its Subsidiaries, which may have, or have had significant effect on the Issuer's financial position or profitability;
- (h) there are no criminal proceedings pending or initiated against the Issuer or its Subsidiaries;
- (i) the Issuer shall not, and shall procure that none of its directors, officers, employees or agents, use the proceeds from the Notes: (i) to fund, finance or facilitate any activities or business of or with any person that is, or is owned or controlled by persons that are, or in any country, region or territory, that, at the time of such funding, financing or facilitating is, or whose government is, the target of Sanctions; or (ii) in any other manner that would result in a violation of Sanctions by any person (including, any person participating in the subscription of Notes, whether as lender, underwriter, advisor, investor, or otherwise).

The Issuer's representations and warranties above are valid on the Issue Date and will remain valid until fulfilment of all obligations arising from the Notes.

RESPONSIBILITY STATEMENT

The Issuer, represented by the member of its Management Board, accepts responsibility for the information contained in these Terms of the Notes Issue and declares that the Issuer and its Management Board have taken all reasonable care to ensure that the information contained in these Terms of the Notes Issue is, to the best of the Issuer's knowledge, true, accurate and complete and not misleading in any respect.

On behalf of SIA Coffee Address Holding
Viktorija Meikšāne
Member of Management Board

This document is signed electronically with secure electronic signature containing a time stamp.

INFORMATION ON NOTES

1. USE OF THE PROCEEDS

The total issue size is EUR 5,000,000.00 (five million Euro). Funds that will be raised as a result of the Notes issue will be used to refinance the Group's existing liabilities.

2. GENERAL INFORMATION

- 2.1. The Notes are bearer securities and any individual or entity that holds the Notes in his/her securities account has the right to receive Coupon and the Nominal Value payments. It is planned to issue the Notes with a Nominal Value of EUR 1,000.00 (one thousand Euro) for one Note and total Nominal Value of EUR 5,000,000.00 (five million Euro).
- 2.2. ISIN (International Security Identification Number) of the Notes allocated by Nasdaq CSD is LV0000802585.
- 2.3. The minimum subscription amount for the Notes is EUR 100,000.00 (one hundred thousand Euro) with minimum step of EUR 1,000.00 (one thousand Euro).

3. APPLICABLE LAW AND DISPUTE RESOLUTION

- 3.1. The Notes issue is a private placement arranged in compliance with the Financial Instrument Market Law (in Latvian - *Finanšu instrumentu tirgus likums*) and other Applicable Laws of the Republic of Latvia that are in force, including regulations of the FCMC, Nasdaq CSD and Nasdaq Riga.
- 3.2. All disputes between any one or more Noteholders and the Issuer shall be settled in the state courts of the Republic of Latvia in accordance with the Applicable Laws. These Terms of the Notes Issue are prepared and signed in English and any translations of these Terms of the Notes Issue into another language are unofficial and made exceptionally for the Potential Investors' convenience. In case of any disputes' settlement, interpretation of the provisions of these Terms of the Notes Issue in English shall have a priority against an interpretation in any other language.

4. FORM AND ACCOUNTING OF THE NOTES

The Notes are issued in dematerialised form and will be recorded in the Latvian SSS (securities settlement system governed by the Applicable Laws), which will provide the maintaining function for the Notes. The Noteholders may hold Notes through Nasdaq CSD participants participating in the Latvian SSS.

5. CURRENCY OF THE NOTES

Currency of the Notes is EUR (Euro).

6. STATUS OF THE NOTES

The Notes rank *pari passu* with other unsecured obligations of the Issuer. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the Applicable Laws. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured or unsecured liabilities of the Issuer.

7. RIGHTS AND RESTRICTIONS CONNECTED WITH THE NOTES

- 7.1. Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with the Clause 11. (*Coupon*) and Clause 12. (*Procedure of the Notes repayment*), as well as exercise other rights provided in these Terms of the Notes Issue and Applicable Laws.
- 7.2. The Issuer has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Issuer are held in the Issuer's financial instruments' custody account and the Issuer has the right to sell the purchased Notes to Potential Investors and other Noteholders. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments'

custody account, therefore decreasing the size of the Notes issue.

- 7.3. The Notes held by the Issuer and the Related Parties are not eligible to participate in the voting in accordance with these Terms of the Notes Issue.

8. RESTRICTIONS ON FREE CIRCULATION OF THE NOTES

- 8.1. The Notes are freely transferable debt securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the Applicable Laws.

- 8.2. Any Noteholder wishing to transfer or offer the Notes must ensure that any offering related to such transfer or offer would not be qualified as public offering in the essence of the Applicable Laws. According to these Terms of the Notes Issue, it is the obligation and liability of the Noteholder to ensure that any offering of the Notes does not fall under the definition of public offering under the Applicable Laws.

9. GUARANTEE

9.1. Guarantee

- 9.1.1. The following Subsidiaries of the Issuer jointly and severally guarantee fulfilment of Issuer's obligations under the Notes:

- (a) Coffee Address SIA, a limited liability company registered with the Register of Enterprises of the Republic of Latvia under registration No. 40003174017, legal address: Mūkusalas iela 42, Riga, LV-1004, the Republic of Latvia;
- (b) Coffee Address UAB, a limited liability company registered with the Register of Legal Entities of the Republic of Lithuania under registration No. 111435033, legal address: Parko g. 39, Avižieniai, LT-14198 Vilnius district, the Republic of Lithuania; and
- (c) Coffee Address OÜ, a limited liability company registered with the Estonian Centre of Registers of the Republic of Estonia under registration No. 10260239, legal address: Osmussaare tee 5/ Taevakivi 1, 13811 Tallinn, the Republic of Estonia.

- 9.1.2. The Guarantee will be provided by the Guarantors to the Noteholders as of the Issue Date. The Collateral Agent is authorised to enforce the Guarantee on behalf of the Noteholders pursuant to these Terms of the Notes Issue and the Collateral Agent Agreement and its amendments (enclosed as Annex 1).

- 9.1.3. Noteholders are entitled to get acquainted with the Guarantee upon written request to the Issuer.

9.2. Noteholders and the Collateral Agent

- 9.2.1. By submitting a subscription order or acquiring the Notes on the secondary market, each Noteholder:

- (a) appoints the Collateral Agent to act as its agent and to perform the obligations and exercise the rights in connection with the Guarantee as set forth in these Terms of the Notes Issue, the Guarantee and the Collateral Agent Agreement and authorises the Collateral Agent to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent under or in connection with these Terms of the Notes Issue, the Guarantee and the Collateral Agent Agreement;
- (b) acknowledges that the Issuer has concluded the Collateral Agent Agreement with the Collateral Agent;
- (c) confirms the fact that the Collateral Agent's acts under the Collateral Agent Agreement, the Guarantee or other agreements in connection with the Notes concluded with the Issuer does not constitute any conflict of interests with respect to the Noteholder;
- (d) agrees that upon the performance of its obligations and exercising of its rights in connection with the Guarantee, the Collateral Agent shall be entitled to act at its own discretion, considering the interests of the Noteholders collectively and generally (and not of any particular Noteholder), unless specifically instructed otherwise by the Majority Noteholders in accordance with these

Terms of the Notes Issue and without prejudice to Clause 9.4.8. of these Terms of the Notes Issue.

- 9.2.2. By submitting a subscription order or acquiring the Notes on the secondary market each private individual or legal entity, as well as their authorized representatives upon the request of the Collateral Agent are obliged to disclose to the Collateral Agent all information and documents on these private individuals or the legal entities, as well as their authorized representatives, and the Collateral Agent is entitled to receive this information and documents for the purposes of performance of duties of the Collateral Agent. This information and documents also include those documents and information that are necessary to the Collateral Agent in order to fulfil the Collateral Agent's obligations under AML and Sanctions regulations (e.g., information and documents on the beneficial owner).

9.3. Scope of Obligations of the Collateral Agent

- 9.3.1. The rights and obligations of the Collateral Agent are limited to those expressly specified in the Collateral Agent Agreement and these Terms of the Notes Issue and, notwithstanding any other provisions of these Terms of the Notes Issue, such rights are limited to the exercise of those rights which belong to the Collateral Agent in its capacity as an authorised representative of the Noteholders in respect of the Guarantee.

- 9.3.2. The Collateral Agent does not have any obligation:

- (a) to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose to satisfy any claims arising under these Terms of the Notes Issue in connection with any assets of the Guarantors, except for enforcing the Guarantee in accordance with these Terms of the Notes Issue and the Guarantee upon the Guarantee becoming enforceable and receiving the relevant instructions from the Majority Noteholders;
- (b) to ensure the existence, enforceability or validity of the Guarantee or to assess any rights arising from or relating to the Guarantee;
- (c) to inform the Noteholders and the Guarantors about any circumstances relating to the Guarantee except to the extent such obligation to provide information is explicitly set forth in these Terms of the Notes Issue; and
- (d) to provide any advice to the Noteholders in legal, accounting, tax or other matters.

- 9.3.3. The Noteholders shall not have any independent power to enforce the Guarantee or to exercise any rights or powers arising under the Collateral Agreement. Noteholders may exercise their rights in relation to the Guarantee only through the Collateral Agent pursuant to these Terms of the Notes Issue.

- 9.3.4. Upon the performance of its obligations and exercising its rights, the Collateral Agent shall act at its own discretion in the interests and on the account of the Noteholders collectively, and generally (and not any particular Noteholder) without having any independent interests of its own (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with Clause 9.5.1. (a)) and without any obligation to consider any interests of the Guarantors and without any right of the Guarantors to give any instructions to the Collateral Agent. In particular, in accordance with these Terms of the Notes Issue the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Noteholders upon failure to obtain instructions from the Majority Noteholders. However, the Collateral Agent shall not start the enforcement of the Guarantee without instructions provided by the Majority Noteholders as described in these Terms of the Notes Issue.

- 9.3.5. The Collateral Agent is under no circumstances liable for the performance of the obligations of the Issuer or impossibility to enforce the Guarantee in accordance with these Terms of the Notes Issue and the Guarantee or any restrictions or delays thereof.

- 9.3.6. Upon the performance of its obligations and exercising of its rights hereunder the Collateral Agent shall have the right at its own cost to use the services of third parties and to appoint third-party

representatives (including, during the performance of its tasks and acts as stipulated in these Terms of the Notes Issue and the Guarantee). In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall evaluate and appoint only reputable third parties having professional expertise for the fulfilment of the tasks and acts as stipulated in these Terms of the Notes Issue. In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall also ensure that: (i) no conflict of interest exists in respect to the Issuer and the Majority Noteholders; (ii) the fees, costs and expenses of such third-party services are at a reasonable market price; (iii) the fees, costs and expenses for using the services of third parties and/or appointment of third-party representatives would not exceed costs, fees and expenses of the Collateral Agent if the latter would perform its obligations under these Terms of the Notes Issue, the Guarantee and the Collateral Agent Agreement on its own; and (iv) it remains a duty and obligation of the Collateral Agent to perform its obligations under these Terms of the Notes Issue and the Collateral Agent Agreement and not of the appointed third-party. In case the use of services of third parties or appointment of third-party representatives is required for the fulfilment of obligations arising from these Terms of the Notes Issue, including the Guarantee, Clause 9.3.10. of these Terms of the Notes Issue is applicable. The Collateral Agent shall not be responsible for any losses and damage caused by the acts and omissions by third parties.

- 9.3.7. At the request of the Collateral Agent, the Noteholders shall provide the Collateral Agent with any information required for the purposes of identification of the Noteholders and/or for the performance of other obligations arising from the Applicable Laws.
- 9.3.8. At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of Noteholders specifying the outstanding Nominal Value of the Notes each of them is holding and their latest known email addresses, if such information is available.
- 9.3.9. The Collateral Agent is not liable for any circumstances relating to or affecting the validity of the Guarantee that are outside the control or sphere of influence of the Collateral Agent.
- 9.3.10. The Collateral Agent shall have the right to receive fees from the Issuer and to be compensated by the Issuer for those costs relating to the performance of its obligations under these Terms of the Issue and the Guarantee in accordance with the Collateral Agent Agreement and shall have the right to withhold the performance of its duties and obligations in case of any delay of payment of the relevant fees and costs. As regards the costs, the Issuer shall also compensate to the Collateral Agent all payments made by the Collateral Agent to third parties for the purposes of enforcement of the Guarantee in accordance with these Terms of the Notes Issue and the Guarantee (including, without limitation, state fees and taxes, other fees and payments established by Applicable Laws, costs and expenses incurred by the Collateral Agent), as well as all damages incurred by the Collateral Agent in relation to the same.
- 9.3.11. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by post or e-mail by using the contact details set forth in these Terms of the Notes Issue. All notices of the Noteholders to the Collateral Agent shall be sent in writing (letter and email) to the Collateral Agent and copied to the Issuer and the Arranger. If the Collateral Agent has doubts that a notice from a Noteholder has not been sent to the Issuer or the Arranger, then the Collateral Agent shall immediately forward such notice to the Issuer or the Arranger (as applicable).
- 9.3.12. The Collateral Agent has the right to terminate the Collateral Agent Agreement in case: (a) the Guarantee have not been granted within the term stipulated in Clause 9.1.2 of these Terms of the Notes Issue; and/or (b) the Collateral Agent withdraws from performance of the tasks set out in these Terms of the Notes Issue on the grounds set out in Clause 9.4.12. or Clause 9.4.14. of these Terms of the Notes Issue. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of the Collateral Agent Agreement.
- 9.3.13. The Issuer has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the Notes issue and/or if the Issuer considers that the Collateral Agent allows willful misconduct or gross negligence in exercising its rights. A new collateral agent must be designated by the Issuer who must take over the obligations of the Collateral Agent.

- 9.4. Establishment, Release and Enforcement of the Guarantee**
- 9.4.1. For the purpose of guaranteeing due and timely payment, discharge and performance of the Notes, the Guarantee shall be established in the favour of Noteholders by the Guarantors.
- 9.4.2. By subscribing to the Notes, each Noteholder acknowledges and confirms that the Guarantors may use, deal with, consume, spend, utilize and dispose their assets in the ordinary course of business and in accordance with reasonable business practices.
- 9.4.3. The Collateral Agent shall take all actions that the Collateral Agent as an authorised representative of the Noteholders in respect of the Guarantee may reasonably take with the purpose to enforce the Guarantee according to the procedures provided for in the Guarantee only in case the Majority Noteholders have instructed the Collateral Agent in writing to enforce the Guarantee pursuant to Clause 9.4.4. of these Terms of the Notes Issue. Until the moment when the Collateral Agent receives the aforementioned instructions from the Majority Noteholders, the Collateral Agent may assume that the Issuer has performed its obligations under the Notes in accordance with these Terms of the Notes Issue.
- 9.4.4. The Majority Noteholders have the right to instruct the Collateral Agent to enforce the Guarantee only in case an Event of Default has occurred which is continuing and the Issuer has failed to pay the Noteholders the Nominal Value of the Notes along with the accrued Coupon and default interest (if applicable) pursuant to Clause 15.1. of these Terms of the Notes Issue, and the aforementioned is certified by the Majority Noteholders in the instructions to the Collateral Agent.
- 9.4.5. If the Majority Noteholders in accordance with Clause 9.4.4. of these Terms of the Notes Issue have instructed the Collateral Agent to enforce the Guarantee, the Collateral Agent shall immediately inform (by letter or email) all Noteholders, provided that the Collateral Agent has the relevant contact details of the Noteholders.
- 9.4.6. The Majority Noteholders have the right to instruct the Collateral Agent to take specific actions to enforce the Guarantee according to the procedure provided for in the Guarantee in case the conditions set out in Clause 9.4.3. of these Terms of the Notes Issue have been fulfilled. The Collateral Agent has a right (but not an obligation) to refuse to follow such instructions until the Majority Noteholders have confirmed such instructions.
- 9.4.7. The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Majority Noteholders as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of the Guarantee. Upon such request, the Majority Noteholders shall give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications, such a time period is to be at least 2 (two) Business Days. The Collateral Agent may refrain from acting unless and until Majority Noteholders have provided the Collateral Agent with requested instructions or clarifications.
- 9.4.8. If, under Clause 9.4.4. and 9.4.6. of these Terms of the Notes Issue or following the request of the Collateral Agent submitted under Clause 9.4.7. of these Terms of the Notes Issue, the Majority Noteholders have duly instructed the Collateral Agent, the Collateral Agent is obligated to comply with these instructions. Any such instructions from the Majority Noteholders will be binding on all Noteholders. The Collateral Agent shall not be liable for any consequences or damages that result from complying with the instructions.
- 9.4.9. Notwithstanding Clause 9.4.8. of these Terms of the Notes Issue, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to the Terms of the Notes Issue, the Guarantee the Collateral Agent Agreement or Applicable Laws or otherwise render it liable to any person. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Noteholders until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including, but not limited to, legal fees) and liabilities which it will or may expend or incur in complying with such instructions.

- 9.4.10. Without prejudice to Clauses 9.4.7., 9.4.8. and 9.4.9. of these Terms of the Notes Issue, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its own discretion reasonably believes is in the best interests of the Noteholders. The Collateral Agent shall not be liable to the Noteholders for acting (or refraining from acting) as described in these Terms of the Notes Issue or in accordance with the instructions of the Noteholders and/or Applicable Law, except for losses, damages, costs and expenses incurred by the Noteholders due to willful misconduct or gross negligence by the Collateral Agent. The liability of the Collateral Agent is limited to EUR 300,000, save in case of wilful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent.
- 9.4.11. The Collateral Agent shall not be liable to Noteholders and the Guarantors for the outcome of the enforcement of the Guarantee, provided the Collateral Agent has acted in accordance with these Terms of the Notes Issue and the Guarantee, except for losses, damages, costs and expenses incurred by the Noteholders and the Guarantors due to willful misconduct or gross negligence by the Collateral Agent. The liability of the Collateral Agent is limited to EUR 300,000, save in case of wilful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent.
- 9.4.12. The Collateral Agent shall have the right to unilaterally terminate the performance of its duties described in these Terms of the Notes Issue in accordance with the Guarantee and the Collateral Agent Agreement (including, without limitation, terminate the enforcement of the Guarantee) in case:
- (a) in the reasonable opinion of the Collateral Agent (further) enforcement of the Guarantee on reasonable terms is not possible or feasible due to the commencement of insolvency or reorganisation proceedings of any Guarantor or enforcement of the Guarantee on reasonable terms may not be possible for any other reason; and/or
 - (b) in the opinion of the Collateral Agent the Guarantee ceases to exist for any reason.
- 9.4.13. In order to exercise its right of termination under Clause 9.4.12. of these Terms of the Notes Issue, the Collateral Agent shall submit a respective written notice (by letter or email) stating the basis of exercising the right of termination to the Issuer. The Issuer shall immediately inform the Noteholders of receipt of the notice by publishing a relevant notice on its webpage www.coffeeaddress.com and on Nasdaq Riga information system (if the Notes are listed). The duties and obligations of the retiring Collateral Agent shall be deemed to have terminated from the moment when the respective written notice is submitted to the Issuer and all of the Noteholders.
- 9.4.14. The Collateral Agent shall have the right to resign due to reasons other than those stated in Clause 9.4.12. of these Terms of the Notes Issue by submitting a respective written notice (by letter or email) to the Issuer. The Issuer shall immediately inform the Noteholders of receipt of the notice by publishing a relevant notice on its webpage www.coffeeaddress.com and on Nasdaq Riga information system (if the Notes are listed). The duties and obligations of the Collateral Agent shall be deemed to have terminated upon the appointment of a successor Collateral Agent and acceptance by such appointment of the successor Collateral Agent and the execution of all necessary documentation to effectively substitute the retiring Collateral Agent.
- 9.4.15. No later than 3 (three) months after the receipt of the relevant notice under Clause 9.4.12. or Clause 9.4.14. of these Terms of the Notes Issue by the Issuer a successor collateral agent must be designated by the Issuer and the Majority Noteholders, who must take over the obligations of the retiring Collateral Agent. If a successor Collateral Agent has not been appointed within the term set out in this Clause, the duties and obligations of the retiring Collateral Agent shall be deemed to have terminated.
- 9.4.16. The Collateral Agent shall evaluate that no conflict of interest exists with regard to the Guarantors and/or the Noteholders and, the existence of conflict of interest shall not prevent the Collateral Agent from fulfilling its obligations to the extent and scope as described in these Terms of the Notes Issue and as provided in the in the Guarantee and in the Collateral Agent Agreement.

9.5. Application of the Proceeds from Enforcement of the Guarantee

- 9.5.1. The proceeds from the enforcement of the Guarantee shall be applied in the following order of priority:
- (a) as the first priority: to the satisfaction and payment of all fees, costs and expenses and damages

(including, without limitation, state duties, notary fees, valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent pursuant to conditions set out, *inter alia*, in Clauses 9.3.6. and 9.3.10. of these Terms of the Notes Issue) related to performance of its duties by, or otherwise payable to, the Collateral Agent under these Terms of the Notes Issue, the Collateral Agent Agreement and the Guarantee, including, but not limited to, the establishment, amendment, termination and enforcement of the Guarantee incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent;

- (b) as the second priority (after full satisfaction, payment and deduction of all claims and amounts set forth in Clause 9.5.1. (a) of these Terms of the Notes Issue): in payment of the claims of the Noteholders arising under these Terms of the Notes Issue, including, but not limited to, the claims arising from the Notes.

- 9.5.2. The Collateral Agent shall withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent specified in Clause 9.5.1. (a) of these Terms of the Notes Issue and immediately transfer the remaining proceeds to the Noteholders for satisfying the claims under Clause 9.5.1. (b) of these Terms of the Notes Issue. The Collateral Agent shall immediately return the proceeds from the enforcement of the Guarantee remaining after satisfying all claims set forth in Clause 9.5.1. of these Terms of the Notes Issue to the Issuer.
- 9.5.3. In case the proceeds remaining after covering the fees, costs, expenses, damages and claims under Clause 9.5.1. (a) of these Terms of the Notes Issue do not cover the claims of the Noteholders under Clause 9.5.1. (b) of these Terms of the Notes Issue in full, these claims of the Noteholders shall be satisfied *pro rata* to the Nominal Value of the Notes held by the Noteholders.
- 9.5.4. The Collateral Agent is not obliged to pay to the Noteholders or any other persons any interest on the proceeds from the enforcement of the Guarantee (whether deposited or not).
- 9.5.5. In case the Collateral Agent is required, under Applicable Law, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent.

10. FIRST SETTLEMENT DATE OF THE NOTES

The First Settlement Date (Issue Date) of the Notes issue is 8 July 2022, on which the Coupon starts to accrue.

11. COUPON

11.1. Coupon rate

The Coupon rate for the Notes is 9.00 % (nine percent) per annum and is fixed until the Maturity Date.

11.2. Coupon payment

- 11.2.1. Coupon payments are made on each Coupon Payment Date. Coupon payments are made 4 (four) times per annum – each 31 March, 30 June, 30 September and 31 December. The first Coupon payment will be made on 30 September 2022 and the last Coupon payment will be made on Maturity Date, which is 30 June 2025.
- 11.2.2. The Coupon record date is the 5th (fifth) Business Day prior to the Coupon Payment Date. At the end of the Coupon record date the list of the Noteholders, who are be eligible for the Coupon payments, will be fixed. The Coupon payment shall be made to the Noteholders in accordance with the relevant Noteholders' list, on each Coupon Payment Date for the preceding Coupon period.
- 11.2.3. The Issuer shall pay the Coupon through the intermediary of Nasdaq CSD and in accordance with the applicable Nasdaq CSD regulations, which regulate the procedure for paying income from debt securities. The Nasdaq CSD regulations applicable on the date of these Terms of the Notes Issue are Nasdaq CSD Rulebook and Corporate Action Service Description.
- 11.2.4. If the Coupon Payment Date is not a Business Day, the Issuer will pay the Coupon payment on the first

Business Day after the Coupon Payment Date. The postponement of the payment date shall not have an impact on the amount payable.

- 11.2.5. If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in these Terms of the Notes Issue, the Noteholders shall have the right to submit claims regarding the payment of the Coupon not earlier than after 10 (ten) Business Days following the payment date of the relevant Coupon.

11.3. Coupon calculation

- 11.3.1. Quarterly Coupon payments, except for the first Coupon payment, shall be calculated according to the following formula:

$$CPN = F * C / 4 \text{ or } CPN\% = C/4, \text{ where}$$

CPN – the amount of the Coupon payment in EUR per Note;

F – Nominal Value of one Note;

C – annual Coupon rate (%).

- 11.3.2. The authority performing the calculation is not required to calculate the Coupon payment, since the annual rate of the Coupon for the relevant period is fixed in advance.

- 11.3.3. The first Coupon payment and accrued interest between the Coupon Payment Dates, as well as the Coupon payment for a period shorter than a quarter shall be calculated presuming there are 360 (three hundred and sixty) days in one year (day count convention – “European 30/360”) as follows:

$$CPN = F * C / 360 * D, \text{ where}$$

CPN – the amount of the Coupon payment in EUR per Note;

F – Nominal Value of one Note at the beginning of the relevant Coupon calculation period, *i.e.*, the initial Nominal Value at the time of the issue of a Note, as may be reduced by the redemption or repurchase amounts paid during the previous periods in accordance with Clause 12.3, these Terms of the Notes Issue;

C – annual Coupon rate (%);

D – number of days from the beginning of the Coupon accrual period according to European 30/360 day count method.

12. REPAYMENT OF NOTES

12.1. Repayment at maturity

- 12.1.1. The Nominal Value of one Note is EUR 1,000.00 (one thousand Euro) and the Issuer will repay the Nominal Value of Notes at Maturity Date, which is 30 June 2025.

- 12.1.2. The Issuer will pay the Nominal Value in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the date of these Terms of the Notes Issue are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal Value will be paid on the Maturity Date. The list of the Noteholders eligible to receive the Nominal Value will be fixed at the end of the previous Business Day before the Maturity Date.

- 12.1.3. If the Maturity Date of the Notes is not a Business Day, the Issuer will pay the Nominal Value of the Notes on the next Business Day after the Maturity Date. The postponement of the payment date shall not have an impact on the amount payable.

- 12.1.4. If the Issuer fails to make the Nominal Value payment in accordance with the deadlines specified in these Terms of the Notes Issue, the Noteholders shall have the right to submit claims regarding the repayment of the Nominal Value not earlier than after 10 (ten) Business Days following the Maturity Date.

12.2. Early redemption at the option of the Issuer (call option)

12.2.1. The Issuer may redeem the Notes, in whole but not in part:

- (a) from 30 June 2023 (inclusive) until 31 March 2025 (inclusive) by paying 102% (one hundred and two percent) of the Nominal Value amount plus accrued and unpaid Coupon;
- (b) from 1 April 2025 (inclusive) until the day before the Maturity Date by paying 100.5% (one hundred point five percent) of the Nominal Value amount plus accrued and unpaid Coupon.

12.2.2. If the Issuer takes a decision on early redemption of the Notes, the Issuer shall notify the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes with intermediation of the Nasdaq Riga information system.

12.2.3. If the Issuer redeems the Notes, the Issuer will pay the redemption payment in accordance with the Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the date of these Terms of the Notes Issue are the Nasdaq CSD Rulebook and Corporate Action Service Description. The list of the Noteholders eligible to receive the redemption payment will be fixed at the end of the previous Business Day before the redemption payment date.

12.3. Early redemption at the option of the Noteholders (put option)

12.3.1. In case a Change of Control has occurred or is anticipated to occur, the Issuer has the obligation (in case of anticipated Change of Control – a right) to inform the Noteholders by publishing a relevant notice with sufficient details on its webpage www.coffeeaddress.com and on Nasdaq Riga information system (if the Notes are listed) no later than 20 (twenty) Business Days after the Change of Control has occurred and at any time before the anticipated occurrence of a Change of Control:

- (a) stating that the Change of Control has occurred or is anticipated to occur, and that each Noteholder within a period of 10 (ten) Business Days has the right to require the Issuer to redeem all of such Noteholder's Notes at a price equal to 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon;
- (b) stating the redemption date, which shall be not earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date such notice is delivered to Noteholders; however, if the notice is delivered prior to the occurrence of a Change of Control, the Issuer may state that the redemption of the Notes is conditional upon the occurrence of a Change of Control, in which case the Notes will be redeemed not later than 20 (twenty) Business Days following the occurrence of a Change of Control;
- (c) stating the record date;
- (d) stating that any Note redeemed will cease to accrue interest after redemption and any Notes not redeemed will continue to accrue interest;
- (e) describing the circumstances and relevant facts regarding the transaction or transactions that constitute a Change of Control; and
- (f) describing the procedures determined by the Issuer that the Noteholder must follow to have its Notes redeemed.

12.3.2. To exercise the Change of Control put option, the Noteholder must within a period of 10 (ten) Business Days after the date of publication of the Issuer's notice submit to the Issuer a duly signed and completed notice of exercise put option in the form provided by the Issuer. The completed form shall be submitted to the Issuer by the Noteholder directly (physically signed form delivered by post or courier or electronically signed delivered by e-mail) or indirectly via the Noteholder's Custodian. If no response from the Noteholder has been received within the designated time period, it shall be considered that the Noteholder will not execute its put option. No option so exercised may be withdrawn without a prior consent of the Issuer.

12.3.3. If 75 (seventy-five) per-cent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 12.3, the Issuer may, on not less than 30 (thirty) nor more than 60

(sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to Clauses 12.3.1. and 12.3.2, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

13. FINANCIAL COVENANTS

The Issuer undertakes to comply with the following financial covenants from the Issue Date and for as long as any Notes are outstanding:

- (a) to maintain Debt Service Coverage Ratio of at least 1.1x (one point one time); calculated for the Relevant Period at the end of each quarter;
- (b) to maintain Equity Ratio of at least 30% (thirty per cent); calculated at the end of each quarter;
- (c) to maintain Net Debt Leverage Ratio from the Issue Date less than 4x (four times), starting from 1 July 2023 – less than 3x (three times); calculated for the Relevant Period at the end of each quarter.

14. UNDERTAKINGS

The Issuer undertakes to comply with the following undertakings from the Issue Date and for as long as any Notes are outstanding:

- (a) not to pay dividends or make other distribution of profits to its shareholders;
- (b) not make substantial change to the general nature of the business of the Issuer and the Subsidiaries from that carried on at the Issue Date (including, but not limited to, the commencement of any new business not being ancillary or incidental to the original business);
- (c) not to initiate or allow initiation of the Issuer's liquidation or similar proceedings and not to reduce the share capital of the Issuer;
- (d) any transactions with the Related Parties should be at a Fair Market Value;
- (e) all existing and future loans received from the Issuer's shareholders must be subordinated to the Notes. On or around the Issue Date the Existing Shareholder will sign an acknowledgement of subordination of existing and future loans granted to the Issuer to the Notes. Noteholders are entitled to get acquainted with the acknowledgement upon written request to the Issuer;
- (f) the Issuer shall not, and shall procure that none of the Guarantors create or permit to subsist mortgage, pledge or any other security interest (each a "**Security**"), other than a Permitted Security, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Financial Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith;
- (g) not to sell, present, change, rent, license, invest, or otherwise transfer into utilization the right to use the trademarks of the Issuer and the Subsidiaries;
- (h) to include the Notes on First North operated by Nasdaq Riga within 12 (twelve) months after the Issue Date;
- (i) to publish consolidated unaudited quarterly reports for the Group with management comments, prepared according to IFRS, by the end of the second month following the end of each respective quarter. The reports should also include information if the Issuer is compliant with the financial covenants set out in Clause 13 (*Financial Covenants*) of these Terms of the Notes Issue;
- (j) to publish consolidated annual reports for the Group prepared according to the IFRS within 4 (four) months for each consecutive Financial Year. The annual reports should be audited by a reputable international auditor from the list of auditors; and
- (k) starting from Financial Year 2023 to publish Integrated Group Report for the Group.

15. EVENTS OF DEFAULT

- 15.1. If an Event of Default occurs and is continuing, the Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may by written notice to the Issuer declare the Notes and accrued Coupon to be prematurely due and payable. In such case the Issuer shall pay all Noteholders the Nominal Value of the Notes along with the accrued Coupon and default interest in accordance with Clause 16. (*Default Interest*) within 20 (twenty) Business Days from the date such notice was received by the Issuer, provided that an Event of Default is continuing on the date of receipt of the notice by the Issuer and on the repayment date.
- 15.2. If following receipt of the Noteholder's notice pursuant to Clause 15.1. of these Terms of the Notes Issue the Issuer is obliged to make the payments stated in Clause 15.1. of these Terms of the Notes Issue but is unable to make them, the Issuer is obliged to send the Noteholders and the Collateral Agent a written notification within 20 (twenty) Business Days after receipt of the Noteholder's notice pursuant to Clause 15.1. of these Terms of the Notes Issue.
- 15.3. Each of the following events or circumstances shall constitute an Event of Default:
- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of Coupon in respect of the Notes on the due date for payment thereof, unless the payment is made within 10 (ten) Business Days following the original due date. The Noteholders shall have the right to submit claims regarding failure to make payment not earlier than 10 (ten) Business Days after the due date of the relevant payment;
 - (b) **Breach of Financial Covenants:** the Issuer does not comply with any financial covenant set out in Clause 13. (*Financial Covenants*), unless prior to or within 90 (ninety) calendar days of the earlier of: (i) the date on which the relevant Financial Report is to be published pursuant to these Terms of the Notes Issue; and (ii) the date that such a Financial Report was in fact published pursuant to these Terms of the Notes Issue for any Relevant Period in which such failure to comply was (or would have been) first evidenced, the Issuer has received cash proceeds of new injections from the shareholders of the Issuer in a form of equity and/or Subordinated Debt (the "**Equity Cure**"), in an amount at least sufficient to ensure the financial covenants set out in Clause 13. (*Financial Covenants*) would be complied with if tested again as at the last date of the same Relevant Period on the basis that any Equity Cure provided to the Issuer is included for the Relevant Period as if provided to the Issuer immediately prior to the last day of such Relevant Period.
Any Equity Cure provided to the Issuer in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last date of such period and shall be included (without double counting) in all relevant calculations of the financial covenants set out in Clause 13. (*Financial Covenants*) until the date it was deemed provided falls outside any subsequent Relevant Period.
If after the Equity Cure the relevant financial covenant set out in Clause 13. (*Financial Covenants*) is met, then the requirement thereof shall be deemed to have been satisfied as at the relevant original date of determination of an Event of Default occasioned thereby shall be deemed to have been remedied for the purposes of these Terms of the Notes Issue.
 - (c) **Breach of Undertakings:** the Issuer does not comply with any undertakings set out in Clause 14. (*Undertakings*), unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 20 (twenty) Business Days after the Issuer becoming aware of the non-compliance;
 - (d) **Cross-Default:**
 - (i) any Financial Indebtedness of the Issuer or Guarantors is neither paid when due nor within any applicable grace period;
 - (ii) any Financial Indebtedness of the Issuer or Guarantors is declared to be or otherwise becomes due and payable prior to its specified maturity, as a result of an event of default (however described);

- (iii) any commitment for any Financial Indebtedness of the Issuer or Guarantors is cancelled or suspended by a creditor, as a result of an event of default (however described); or
- (iv) any security securing Financial Indebtedness of the Issuer or Guarantors over any asset is enforced by a secured creditor;

provided, however, the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds in total EUR 500,000.00 (five hundred thousand Euro) (or the equivalent thereof in any other currency), and that the above does not apply to any Financial Indebtedness owed to the Related Parties or Subordinated Debt.

(e) **Insolvency:**

- (i) the Issuer or any Guarantor is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts debts in case of lawful claims, save for the claims of the Related Parties;
- (ii) the Issuer or any Guarantor enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or
- (iii) an application to initiate insolvency or restructuring (including procedures such as legal protection process and out of court legal protection process) or administration of the Issuer or any Guarantor or any other proceedings for the settlement of the debt of the Issuer or of any Guarantor is submitted to the court by the Issuer or any Guarantor.

16. DEFAULT INTEREST

If the Issuer fails to pay to the Noteholders any amount payable by it under these Terms of the Notes Issue, then the Issuer shall pay to the Noteholders default interest (in Latvian – *nokavējuma procenti*) accruing on the overdue amount from the due date up to the date of actual payment at a rate which is 0.05% (zero point zero five per cent) per day.

17. DISCLOSURE OF INFORMATION

- 17.1. Up until the Maturity Date, the Issuer shall publish all information required by covenants, rules of Nasdaq Riga and regulatory enactments.
- 17.2. Unless it is provided otherwise in these Terms of the Notes Issue, for as long as the Notes are not admitted to trading on First North, all notices and reports to the Noteholders shall be published on the Issuer's website www.coffeeaddress.com.
- 17.3. Unless it is provided otherwise in these Terms of the Notes Issue, as of the date when the Notes are admitted to trading on First North, all notices and reports to Noteholders shall be published on the Nasdaq Riga website, as well as on the Issuer's website www.coffeeaddress.com.
- 17.4. Any notice or report published in a manner prescribed in Clauses 17.1. and 17.2. of these Terms of the Notes Issue shall be deemed to have been received on the same Business Day when it is published.

18. FORCE MAJEURE

- 18.1. The Issuer shall be entitled to postpone the fulfilment of its obligations under these Terms of the Notes Issue in case the performance is not possible due to continuous existence of any of the following circumstances (a "Force Majeure Event"):
 - (a) action of any authorities, war or threat of war, armed hostility or a serious threat of it, including but not limited to enemy attacks, blockades, military embargoes, actions by a foreign enemy, general military mobilisation, military actions, declared and undeclared war, actions by a public enemy, commotions, acts of terrorism, diversions, piracy, disorders, invasion, revolution, coup, insurrection, mass unrest, expropriation, enforced withdrawal, takeover of enterprises, requisition;

- (b) disturbances in postal, telephone, or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect the operations of the Issuer;
 - (c) any interruption of or delay in any functions of measures of the Issuer as a result of fire, frost or other similar disaster;
 - (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer; or
 - (e) any other similar force majeure hindrance.
- 18.2. In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of the obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer shall put all best efforts to limit the effect of the Force Majeure Event and to resume the fulfilment of its obligations as soon as possible.
- 19. REPRESENTATION OF THE NOTEHOLDERS**
- 19.1. The Collateral Agent is authorized to act with the Guarantee in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement.
- 19.2. The Noteholders have no rights to act with the Guarantee directly, yet at the same time there are no restrictions set for Noteholders' right to create and/or authorize an organization/person that represents the legal interests of all Noteholders or part thereof.
- 19.3. In case of the insolvency of the Issuer each Noteholder has the right to represent their own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims' group.
- 20. PROCEDURE FOR APPLYING FOR NOTEHOLDERS' CONSENT**
- 20.1. The Issuer has the right to request a consent (waiver) of Noteholders to amend the conditions provided in these Terms of the Notes Issue and the Guarantee (apply for a waiver). However, the Issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.
- 20.2. The Collateral Agent may ask for instructions from the Noteholders in respect to the Guarantee in the same manner as the Issuer may apply for the consent (waiver) of the Noteholders hereunder.
- 20.3. The amendment of these Terms of the Notes Issue and the Guarantee may include the amendment of any conditions, which is not restricted by such characteristics of the Notes as currency, Coupon rate, Coupon calculation method, Coupon and Nominal Value payments, inclusion of Notes to regulated or alternative markets, the Maturity Date and other conditions, unless they contradict the Applicable Laws of the Republic of Latvia.
- 20.4. The Issuer may apply for a consent (waiver) itself or through the intermediary of an authorised person (the "**Agent**"). In order to request a consent (waiver), the Issuer or Agent shall notify the Noteholders by publishing a relevant announcement on the Issuer's website www.coffeeaddress.com, if Notes are not listed, or, if Notes are included in First North, via the Nasdaq Riga information system, specifying at the least the following information:
- (a) a description of the requested amendment;
 - (b) a justification of the necessity of such amendment;
 - (c) the date when the list of the Noteholders eligible to grant a consent (waiver) (vote) will be fixed;
 - (d) the term within which a Noteholder can support or reject the offered consent (waiver);
 - (e) instructions concerning notification about the support or rejection of the consent (waiver) and the procedure for filling in the voting form;

- (f) notification that a Noteholder willing to grant the consent (waiver) shall notify the Issuer and the Agent within the term specified in the application. If the Noteholder does not notify the Issuer or the Agent about the approval to grant the waiver within the term specified in the application, a Noteholder shall be deemed as not having granted the waiver;
 - (g) contact details of the Issuer and the Agent (telephone number for inquiries, email or address for sending filled in and signed voting forms, list of representative offices and/ or branches of the Issuer and/or Issuer's Agent where the Noteholders can submit the voting forms in person);
 - (h) other information (if any).
- 20.5. The list of Noteholders shall be inquired from the Nasdaq CSD as of the date falling to the 5th (fifth) Business Day after a request for consent (waiver) was published in a manner stipulated in Clause 20.3 of these Terms of the Notes Issue.
- 20.6. The term allowed to the Noteholders for deciding upon refusal to grant a consent (waiver) the waiver to the Issuer may not be shorter than 14 (fourteen) calendar days after a request for consent (waiver) was published in a manner stipulated in Clause 20.3 of these Terms of the Notes Issue.
- 20.7. The Noteholders shall submit signed voting forms to the Issuer or the Agent by a deadline set in the application of the consent (waiver). The consent (waiver) is deemed to be granted, if the Noteholders owning at least 50% (fifty percent) of the principal amount of the outstanding Notes (excluding the Notes owned by the Issuer, direct and indirect shareholders of the Issuer and Related Parties) have voted for granting the consent (waiver). The Notes owned by the Issuer, direct and indirect shareholders of the Issuer and Related Parties are not eligible to participate in the voting.
- 20.8. The Issuer or the Agent shall count the received votes and notify the Noteholders of the results of the voting within 1 (one) Business Day after the deadline for submitting the voting forms by publishing a relevant announcement on the Issuer's website www.coffeeaddress.com, if Notes are not listed, or, if Notes are included in First North, via the Nasdaq Riga information system, if the Notes are included in the First North.
- 20.9. If the granted consent (waiver) refers to specifications of the Notes and/or Coupon calculation method, as well as the procedure of Coupon payments and/or repayment of the Nominal Value, the Issuer shall inform Nasdaq CSD on these changes according to the regulation determined in the Nasdaq CSD rules.

TAXES

NOTICE

This summary is of general nature and should not be considered a legal or tax advice. This summary does not contain full and complete information on all the taxes that relate to investment in the Notes. Tax rates and conditions for paying taxes may change during the life of the Notes. Potential Investors should consult with their own tax advisors with respect to their particular circumstances and the effects of the Latvian or foreign tax laws to which they may be subject to.

DEFINITION OF RESIDENTS AND NON-RESIDENTS

An individual is considered resident of Latvia for tax purposes if his or her declared place of residence is the Republic of Latvia, or he or she stays in the Republic of Latvia for more than 183 (one hundred and eighty-three) days within any 12 (twelve) month period; or he or she is a citizen of the Republic of Latvia and is employed abroad by the government of the Republic of Latvia. If an individual does not meet any of the above-mentioned criteria, he or she is considered a non-resident for tax purposes.

Any legal entity is considered resident of Latvia for tax purposes if it is or should be established and registered in the Republic of Latvia according to the Latvian legislation. This also include permanent establishments of foreign entities in Latvia. Other legal entities are considered non-residents for tax purposes.

Latvia has entered into number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non- resident Noteholder, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001. For the purposes of exchanging documents, the Noteholder should contact the Company via the information provided on the Company's website and/or Nasdaq Riga website.

TAXATION

Tax consequences in the Republic of Latvia regarding the income derived from Notes that are issued by a legal entity registered in the Republic of Latvia (not being a credit institution) effective as of date of the Terms of the Notes Issue are as follows:

Legal status of income beneficiary	Notes that are not in the public circulation (not admitted to trading on a regulated market for the purposes of MiFID II)		Conditions
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	20%	20% ¹	20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia. ¹ – Income from disposal of Notes is considered equivalent to an interest income and taxed at 20% rate in Latvia.
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to	deferred: 20/80 of the beneficiary's net profit distributed (equals to	Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's - Latvian company's overall income. The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g.,

SIA Coffee Address Holding Terms of the Notes Issue

	20% of the gross profit)	20% of the gross profit)	deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).
Individual non-resident	20% ^{2,4}	20% ^{2,3,4}	<p>20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia.</p> <p>²Payments (including interest payments) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No. 819 "Regulations on No-Tax or Low-Tax Countries and Territories", adopted on 17 December 2020; effective as of 1 January are subject to withholding tax of 20% if the payer is a Latvian legal entity³ – Income from disposal of the Notes is considered equivalent to an interest income and taxed at 20% rate.</p> <p>⁴ - A non-resident individual being a beneficiary of interest (coupon) income or an income from disposal of Notes could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>
Company non-resident	Not taxable in Latvia ^{5,6}	Not taxable in Latvia ^{5,6}	<p>Interest (coupon) income and a capital gain derived by a non-resident company (except a company from no-tax or low-tax countries or territories) are not taxable in Latvia.</p> <p>⁵ - Payments (including interest payments) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No. 819 "Regulations on No-Tax or Low-Tax Countries and Territories", adopted on 17 December 2020; effective as of 1 January are subject to withholding tax of 20% if the payer is a Latvian legal entity.</p> <p>⁶ - A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>

Source: Applicable Laws of the Republic of Latvia

TERMS OF THE PRIVATE OFFERING

1.1. Subscription period

The subscription period for the Notes commences on 16 June 2022 at 10 am Riga time and shall end on the Maturity Date or when all Notes are sold, whichever is earlier.

1.2. Subscription terms

- 1.2.1. The subscription orders to the Notes can be submitted to the Arranger every Business Day during normal working hours. More detailed information on the submission of the subscription orders is available by phone (+371 67 081 069).
- 1.2.2. The subscription orders can also be submitted to other Custodians, which in turn shall submit orders to the Arranger. The form of such subscription orders is regulated by contracts between Noteholders and Custodians and by the Applicable Laws.
- 1.2.3. The minimal initial subscription size (the “**Minimum Investment Amount**”) is EUR 100,000.00 (one hundred thousand Euro). The subscription size should be equal to a multiple of the Settlement Unit Multiple.
- 1.2.4. Total Nominal Value of the Notes to be purchased and provided in each subscription order shall be for at least Minimum Investment Amount. Potential Investors have the right to submit several orders during the offering.
- 1.2.5. All subscription orders to the Notes shall be considered as binding and irrevocable commitment to acquire the allotted Notes.
- 1.2.6. By submitting the subscription order the Potential Investor confirms that it: (a) has read and understands these Terms of the Notes Issue; and (b) agrees and commits to adhere to these Terms of the Notes Issue.
- 1.2.7. Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.
- 1.2.8. The First Settlement Date of the Notes is 8 July 2022.
- 1.2.9. All the expenses related to the acquisition and custody of the Notes shall be borne by a Potential Investor in compliance with the pricelist of a credit institution or investment service provider, through which the investor purchases and keeps Notes. The Company is not obliged to compensate any such expenses incurred by the Potential Investor.

1.3. Price of the Notes

- 1.3.1. The purchase price of the Notes can be equal to 100% (one hundred percent) of the Nominal Value or it can be lower or higher than the Nominal Value, meaning that the Notes can be sold with a discount or premium, plus accrued interest.
- 1.3.2. All subscription orders that have been submitted after the First Settlement Date shall be executed with accrued interest, unless the subscription orders are submitted within 5 (five) Business Days before the end of each respective quarter – from the Coupon record date and until the Coupon Payment Date, in which case the subscription orders shall be executed without accrued interest.

1.4. Allocation of the Notes to Noteholders

- 1.4.1. The Notes are allocated to the Noteholders in the amount not larger than the amount specified in the subscription order and not less than the Minimum Investment Amount.
- 1.4.2. In case the total number of Notes subscribed for during the subscription period is less than the number of Notes available, the Notes will be allotted based on the subscription orders placed.
- 1.4.3. In case the total number of Notes subscribed for is higher than the number of Notes available, the proportionate reduction principle shall be applied to the extent possible at the discretion of the Company, however, the Notes allocated to the Noteholders shall not be less than the Minimum Investment Amount.
- 1.4.4. The Company or Arranger at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investor due to AML, Sanctions regulations compliance risk or other risks.

1.5. Reduction of the Notes issue size

The Company may decide to discontinue placement of the Notes at any time.

1.6. Settlement and delivery of the Notes

- 1.6.1. The settlement date for the Notes can be any Business Day which is not earlier than the 2nd (second) Business Day and not later than 20th (twentieth) Business Day after subscription order is duly submitted to the Arranger.
- 1.6.2. Settlement of the Notes will be executed through Nasdaq CSD in accordance with the DVP (delivery versus payment) principle pursuant to the applicable rules of Nasdaq CSD.
- 1.6.3. The Custodians execute payments for the Notes based on the results of the subscription provided by the Arranger. The Notes will be transferred to the Noteholders' financial instrument accounts on the settlement date.
- 1.6.4. Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and a Potential Investor.

1.7. Pre-emptive rights

None of Potential Investors has the rights of pre-emption in respect to purchase of the Notes.

1.8. Listing

- 1.8.1. The Company plans to request the admission to trading of the Notes on First North within 12 (twelve) months after the Issue Date and submit these Terms of the Notes Issue, as well as the Company description to Nasdaq Riga. The Company does not undertake to register the Notes prospectus with the FCMC or list the Notes on any regulated market.
- 1.8.2. The Company has not signed any agreement with any person for liquidity maintenance of the Notes on the secondary market.

GENERAL INFORMATION

GENERAL INFORMATION ON THE ISSUER

The Issuer is SIA Coffee Address Holding, a private limited liability company (*sabiedrība ar ierobežotu atbildību*) registered in the Register Enterprises of the Republic of Latvia under registration No. 40203047754.

The Issuer carries out its activities in accordance with the Applicable Laws.

The Issuer is a parent company of the Group which is a market leader in the Baltics providing self-service premium coffee and convenience food solutions.

The Issuer is owned by BaltCap Private Equity Fund II SCSp and BaltCap Private Equity Fund II EIF Co-Investment SCSp.

DECISIONS OF THE COMPANY ON THE NOTES ISSUE

On 15 June 2022, the Company's shareholders passed the decision to issue the Notes and to authorize the management board to approve and sign all the documents (including the Terms of the Notes Issue and the Collateral Agent Agreement) related to the issuance of the Notes.

On 15 June 2022, the Company's Supervisory Board passed the decision to issue the Notes and to authorize the management board to approve and sign all the documents (including the Terms of the Notes Issue and the Collateral Agent Agreement) related to the issuance of the Notes.

On 15 June 2022, the Company's Management Board passed the decision to issue the Notes and to approve and sign all the documents (including the Terms of the Notes Issue and the Collateral Agent Agreement) related to the issuance of the Notes.

AUDITOR

The Group's consolidated annual reports for 2020 and 2021 have been audited by Sabiedrība ar ierobežotu atbildību "ERNST & YOUNG BALTIC", registration number: 40003593454, legal address: Muitas iela 1A, Riga, LV-1010, the Republic of Latvia.

ADVISORS INVOLVED IN THE ISSUE

The Company has concluded an agreement with the Arranger to organise the Notes issue, to communicate with Nasdaq CSD, market Notes to investors and conduct settlement of the Notes during the subscription period. The Arranger may provide other services to the Company in the future and receive remuneration for it. The Arranger may invest its own funds in the Notes.

The Company has signed the Collateral Agent Agreement with the Collateral Agent, which is authorized to act with the Guarantee in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement. The Collateral Agent may provide other services to the Company in the future and receive remuneration for it.

Legal advice to the Company in respect of the Notes issue was provided by ZAB COBALT SIA.

EXTERNAL AUDIT OF THE INFORMATION INCLUDED IN THESE TERMS OF THE NOTES ISSUE

The information included in these Terms of the Notes Issue have not been verified by auditors.

STATEMENTS OR REPORTS INCLUDED IN THESE TERMS OF THE NOTES ISSUE

These Terms of the Notes Issue does not contain any expert statements or reports.

CREDIT RATINGS

No credit rating has been assigned to the Issuer or to the Notes.

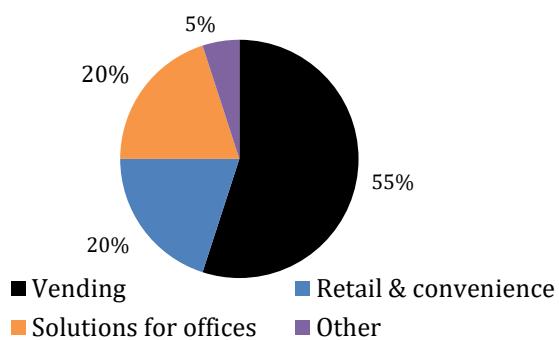
BUSINESS DESCRIPTION

OVERVIEW

The Group is market leader in the Baltics, providing premium coffee self-service and convenience food solutions in a network of prime locations. Coffee Address history dates back to 1993 when three local companies in Lithuania, Latvia, and Estonia were founded. In February 2017, BaltCap Private Equity Fund acquired those companies from Selecta and reorganized them under one holding company, resulting in the creation of the Group. Under BaltCap ownership the Group has consolidated the market, acquiring 4 additional companies with right strategic fit, therefore, building dense strategic network of locations across the Baltics. Furthermore, significant capital investments were made to modernize machine park and achieve better operational efficiencies from the streamlined and digitalized processes.

The Group operates in three main business segments, with vending (indoor and outdoor) constituting the largest percentage of the Group's sales, followed by retail and convenience segment, and solutions for offices. In vending segment, the Group operates under brand names Lavazza and Coffee Address and places its machines in public and private locations both indoor and outdoor, offering premium bean-to-cup coffee drinks and snacks. Retail and convenience segment is focused on providing complete private label coffee solutions (high-capacity bean-to-cup fresh milk automatic machines, service, ingredients and product management support) to the leading retail and convenience chains in Baltics. Office segment is focused on servicing large offices with appropriate coffee solutions.

The main business segments of the Group (as percentage of sales in 2021)



The Group has a diversified client base with over 5 thousand loyal blue-chip customers including leading gas station networks (e.g., Circle K, Viada, Olerex) banks (e.g., Swedbank, SEB), transportation hubs (e.g. Riga Airport, Lithuanian Railways), educational institutions (Latvian University, TalTech), hospitals (Kaunas Klinikos) and manufacturing facilities (Latvijas Finieris). Contracts with clients are usually concluded for a period of 3 to 5 years, and the Group has a strong contract renewal track record thanks to its high-quality service, broad product offering and strategic partnerships with leading machine manufacturers.

The Group's machine park includes more than 13 thousand coffee and vending machines from reputable suppliers such as Necta, Franke, Jura and others. The Group is expanding its machine park continuously both through investments and add-on acquisitions. Most of the park consists of hot drink vending machines – 89%, while remainder consists of snack vending and water dispensing machines.

The Group sources its coffee and snacks from the leading global suppliers, such as Pelican Rouge, Lavazza, and other premium coffee suppliers who can offer consistent quality.

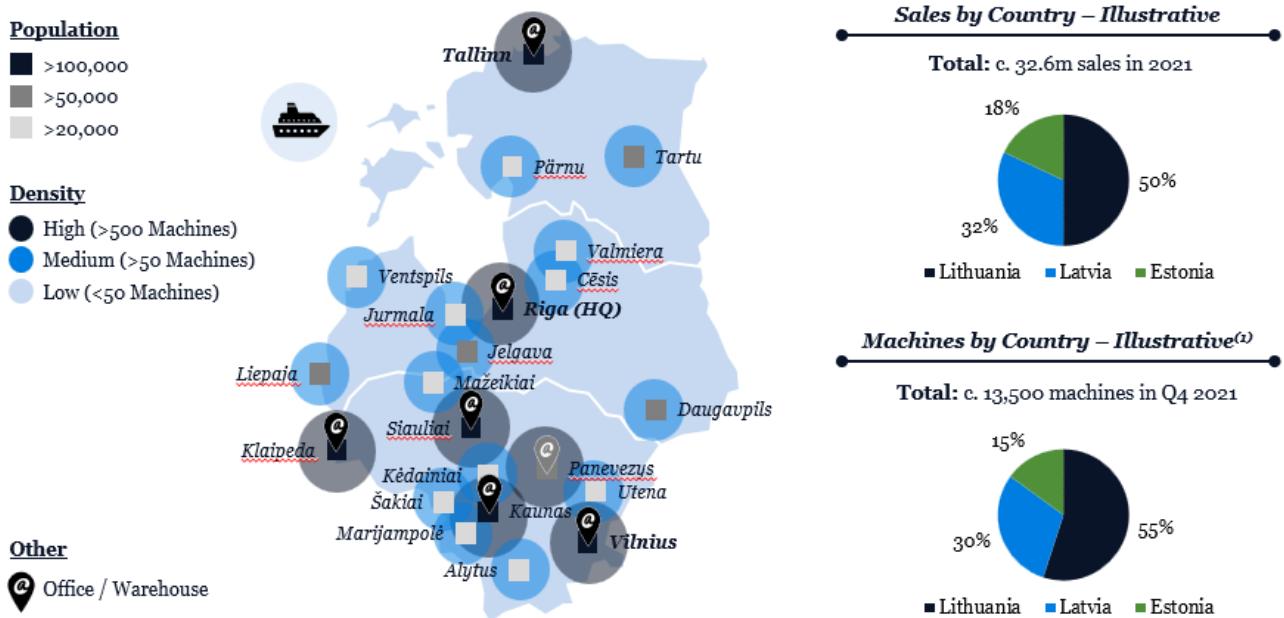
MARKET POSITION

The Group has dense presence and a strategic network of locations across all three Baltic States, driving scale and creating attractive economics. The Group's largest market is Lithuania, constituting about one half of its sales in 2021, followed by Latvia and Estonia.

The Group is a clear market leader across its relevant market segments: it has number 1 market position in each Lithuania (estimated market share of 49%), Latvia (42% market share) and Estonia (30% market share) and is also the largest player on a pan-Baltic level. As a result of the Group's acquisition strategy, the market is consolidated

where next largest competitor is of significantly smaller scale than the Group.

Overview of the Group's geographical presence



Source: Company information

Note: Figures are illustrative for the indicated period and rounded

(1) As per 15-October 2021

The industry has relatively high barriers of entry, the Group as the leading player in this market has built a dense network and secured the best locations, therefore, it would require significant time and investments for a new player to reach a comparable scale. The Group plans to defend its market position through continued investments in its machine park, service quality and attractive solutions and offers for customers.

DEMAND TRENDS

Demand for coffee is closely linked to overall GDP growth and positively impacted by several consumer demand trends. Coffee demand growth in the Baltics has been among the highest in Europe while local coffee cup prices are also relatively high, which opens opportunities for sustainable development of the Group.

Overall, coffee demand has been supported by the following demand trends:

- Premiumization, as consumers tend to shift towards more premium products with focus on quality, flavor and packaging;
- Convenient consumption, as a result of increasing mobility of consumers;
- Coffee lifestyle, as consumer focus has been shifting on the entire drinking experience;
- Increasing coffee spending, as a result of rising incomes.

During the COVID-19 pandemic, the demand for the Group's products and services has been negatively affected. This impact was partially mitigated by the roll-out of outdoor vending segment and, since the Group decided to maintain its machine park during the pandemic and kept up with its pace of investments, as soon as restrictions were eased in autumn of 2021 or spring 2022, the Group's sales demonstrated immediate recovery, exceeding pre-pandemic benchmarks.

GROUP STRUCTURE

The Group consists of the Issuer, which is a holding company (SIA Coffee Address Holding), three country-level operational companies in Lithuania (Coffee Address UAB), Latvia (Coffee Address SIA) and Estonia (Coffee Address OÜ), and a supporting entity for the administration of the cash mechanism (Payment Systems SIA).

Subsidiaries

Name	Registration number	Address	Ownership
Coffee Address SIA	40003174017	Mūkusalas iela 42, Riga, LV-1004, the Republic of Latvia	100%
Coffee Address UAB	111435033	Parko g. 39, Avižienių k., LT-14198 Vilnius, Lithuania	100%
Coffee Address OÜ	10260239	Harjumaa, Tallinn linn, Taevakivi tn 1, 13811, Estonia	100%
Payment Systems SIA	40203144617	Kauguru iela 6, Riga, LV-1046, Latvia	100%

MANAGEMENT OF THE GROUP

Viktorija Meikšāne, Group CEO. The Group level operations are managed by Viktorija Meikšāne, who joined the Group in 2017 and has extensive business management and business development expertise, based on her previous experience in leading corporate and financial development departments of such companies as Baltcom, Citadele Banka AS, and Ernst & Young.

Anda Priedīte, Group CFO. The CFO role and respective functions of the Group are assumed by Anda Priedīte, who has been with the Group since 2018 and has extensive financial planning experience gained from heading the finance department at Baltcom, as well as from previous experience from working at the Riga International Airport.

Additionally, the Group's management team includes the country managers of each of the countries where the Group operates – Lithuania, Latvia, and Estonia.

Management team of the Group and its key Subsidiaries

Name	Company	Position
Viktorija Meikšāne	Coffee Address Holding SIA	CEO, Baltics
Anda Priedīte	Coffee Address Holding SIA	CFO, Baltics
Krīvs Lode	Coffee Address SIA	CEO, Country Manager
Aleksandr Samuchov	Coffee Address UAB	CEO, Country Manager
Ermo Rae	Coffee Address OU	CEO, Country Manager

Following the best corporate governance practices, the Company's shareholders have appointed Supervisory Council that includes six highly experienced professionals, where three of them are independent members.

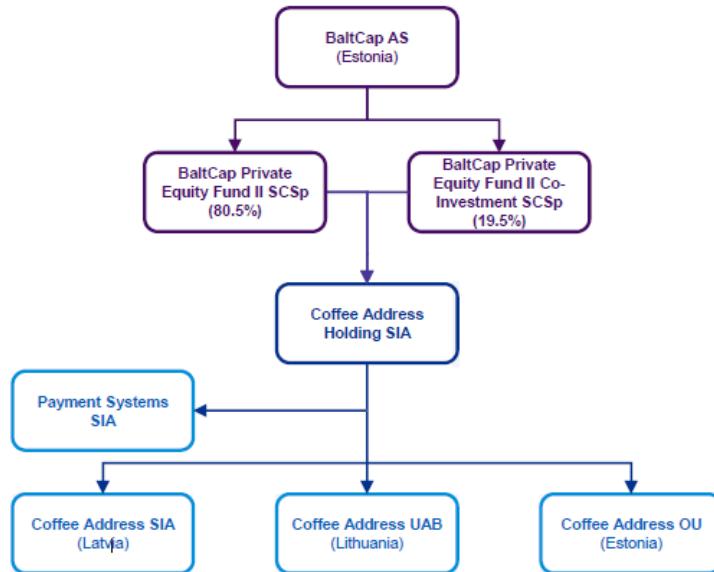
Supervisory Council of the Group

Name	Position
Baiba Anda Rubesa	Chairman of the Supervisory Council (independent)
Sandijs Āboļiņš-Ābols	Deputy Chairman of the Supervisory Council
Michael Wagner	Member of the Supervisory Council (independent)
Dagnis Dreimanis	Member of the Supervisory Council
Simonas Gustainis	Member of the Supervisory Council
Sven Goran Weber	Member of the Supervisory Council (Independent)

SHAREHOLDER STRUCTURE

Since 2017, the Company has been owned by its Existing Shareholders. BaltCap is the leading private equity manager in the Baltic States, covering buyout, growth, venture, and infrastructure investments. Since foundation in 1995, BaltCap have invested in about 100 companies across a wide range of industry sectors and raised aggregate capital of over €650 million.

Ownership structure



DEVELOPMENT STRATEGY

Over the coming years, the Group plans to achieve further sales growth, primarily through optimal utilization of its existing machine park (including recovery to pre-Covid 19 results), gradual price increases and further expansion in outdoor vending and commercial segments.

From segment perspective, the Group expects to see most growth in the outdoor vending that it launched during the Covid-19 pandemic. Today's largest sales channel is indoor vending, which, albeit growing at a slower pace compared to outdoor vending, is expected to also contribute a significant impact to the overall growth of sales.

In line with the planned revenue increase, the Group expects a significant growth of the operating profitability. EBITDA growth is expected to be fueled not only by the revenue drivers, described above, but also due to the realization of operational leverage potential and synergies from the acquired companies. The expansion in the underlying profitability margin is further supported by ongoing digitalization initiatives and an expected improvement of the operating expense base, leading to economies of scale and a more efficient machine park servicing.

Capital expenditure is planned to support the envisaged business growth, remaining at relatively high levels, albeit slightly lower than during the 2017-2021 period, as the Group's key focus going forward is maintaining the quality and size of its machine park and not substantially expanding it.

FINANCING STRATEGY OF THE GROUP

The Group's goal is to achieve a balanced financing structure to provide the Group with flexibility and support its growth plans. The Group targets to keep its medium-term Net Debt Leverage Ratio below three times.

OVERVIEW OF THE GROUP'S FUNDING STRUCTURE

The Group uses the following financing sources: bank loans, shareholder's equity, Subordinated Debt from Existing Shareholders, financial leasing, operating leasing, and deferred payment structures in Acquisitions. Furthermore, as the Group continued with its investment plan also during the Covid-19 pandemic, it used the funds available through several government Covid-19 support programs, such as loan form state development agency Altum in Latvia, the Fund (VIVA) in Lithuania (in the form of bonds), and deferred tax payment schedules offered by State Revenue Service offices in Latvia and Lithuania.

The Group will use the proceeds from the Notes issue to refinance its short-term Financial Indebtedness and, thus, optimize its debt maturity profile.

Funding structure of the Group

Funding type	31 Dec 2021, EUR m	31 Mar 2022, EUR m	Comment
Share capital and reserves	17.2	17.2	Share capital and premium
Retained earnings	-3.0	-3.8	Previous and current period loss
Total equity	14.2	13.5	
Loans from shareholders	3.7	4.2	Subordinated to the Notes
			Subordinated Debt from Existing Shareholders
			Both principal and interest is subordinated to the Notes
			Interest accrued, no cash interest is paid
Adjusted Equity	17.9	17.7	
Luminor Bank AS loan	13.4	12.6	Senior to the Notes
			Secured with pledge over the assets and shares of the Company and Subsidiaries, as

			well as Guarantees of the Subsidiaries; Monthly amortization payments with maturity of 31 January 2026
Luminor Bank AS overdraft	0.6	0.6	Senior to the Notes Secured with pledge over the assets and shares of the Company and Subsidiaries, as well as Guarantees of the Subsidiaries Credit line for financing of working capital needs
Other loans	1.6	1.6	Unsecured loans from previous shareholders of Subsidiaries as deferred acquisition price payment Maturity in December 2022
ALTUM loan	0.6	0.5	Covid-19 aid-funding Maturity in April 2023
Financial leases	0.5	0.4	Lease of equipment (coffee machines and cars)
Lease liabilities (IFRS 16)	1.9	1.8	Lease of premises and vehicles Leases under IFRS 16.
State Revenue Service deferred tax payments	4.7	4.6	Latvian and Lithuanian Government support during Covid-19 in the form of deferred tax payment schedules Amortization schedule by the end of 2023, with majority to be repaid during 2022
Total Financial Indebtedness	23.3	22.1	
TOTAL FUNDING	41.2	39.8	

LEGAL PROCEEDINGS AND ARBITRATION

At the date of these Terms of the Notes Issue, the Group is not involved in any lawsuits or arbitration proceedings, which may significantly affect or have significantly affected the financial situation or profitability of the Group.

SUBSTANTIAL CHANGES IN THE FINANCIAL SITUATION OF THE GROUP AND SUBSTANTIAL AGREEMENTS

Since the date of the Group's audited consolidated financial report for 2021, the financial situation or performance of the Group has not significantly worsened. The Group is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Group in future.

On 14 March 2022, Coffee Address UAB signed an agreement to issue ordinary bonds in the amount of EUR 3 million with a maturity date on 15 March 2028 and an interest rate of 7% (increasing by 0.5% every year). All bonds were purchased by the Fund. The debt of Coffee Address UAB to the Fund is secured by a subsequent ranking pledge over Coffee Address UAB shares and subsequent ranking pledge over the assets of Coffee Address UAB, and it is anticipated that on or around the Issue Date Coffee Address SIA and Coffee Address OÜ will also provide to the Fund the guarantees.

On 31 May 2022 the Issuer signed amendments to senior bank agreement with Luminor Bank AS. According to these, the term of the long-term loan has been prolonged, and available overdraft limit has been increased to EUR 3 million. Taking into account the amendments, the current liabilities to the bank have decreased by EUR 3.4 million compared to current liabilities as at 31 December 2021.

On 18 March 2022, the Existing Shareholders provided a loan to the Company in the amount of EUR 0.5 million that is subordinated to the Notes.

The Company is not aware of any other important agreements or internal decisions that could have been concluded/made within the Group or between the Group and any related company and that could affect the Company's ability to fulfil its obligations to the Noteholders under the Notes.

SIGNIFICANT RECENT AND KNOWN TRENDS

On 24 February 2022, the Russian Federation has launched an invasion of the Republic of Ukraine. Shortly after the invasion, the EU and rest of the world, including global bodies, imposed wide-ranging set of restrictive measures against Russia, which is updated and expanded on a regular basis. This non-adjusting subsequent event was not reflected in the significant estimates and assumptions of the Group as at 31 December 2021. Until the date of these Terms of the Notes Issue, the restrictive measures imposed did not have significant impact on the Group's performance, no operations had been suspended and no significant direct losses related to the restrictive measures have been incurred.

At the date of these Terms of the Notes Issue, the Company has no information at its disposal regarding any known trends that have negatively affected the Group or the activity, apart from the aforementioned impact.

SELECTED FINANCIAL INFORMATION OF THE GROUP

GENERAL

The shareholder's equity of the Group as of 31 March 2022 is EUR 13.5 million (thirteen point five million Euro).

The profit/loss forecast has not been carried out.

The Group's financial reports will be available on its website (www.coffeeaddress.com) after the Issue Date and via the Nasdaq Riga website after listing on First North.

The tables below present key selected financial information for the Group and have been derived from the Group's audited consolidated financial statements as at and for the Financial Year ended 31 December 2021, 31 December 2020 and 31 December 2019.

The Group's financial statements for the years 2020 and 2021 have been prepared in accordance with International Reporting Standards (IFRS) and audited by SIA „ERNST & YOUNG BALTIC“.

THE GROUP'S CONSOLIDATED FINANCIAL DATA

Statement of income (in millions of EUR)

	Audited Consolidated Period ended 31 December 2020	Audited Consolidated Period ended 31 December 2021	Unaudited Consolidated Period ended 31 March 2022
Revenue from contracts with customers	26.5	32.6	8.7
Cost of sales	-13.7	-17.4	-4.7
Gross profit	12.8	15.3	4.1
Personnel costs	-5.0	-7.3	-1.9
Other operating costs	-2.4	-3.2	-0.9
Loss from disposal of fixed assets, net	-0.1	-0.1	0.0
Depreciation and amortization	-4.7	-5.7	-1.4
Operating profit	0.5	-0.9	-0.2
Finance costs	-1.4	-1.0	-0.3
Loss before tax	-0.9	-1.9	-0.4
Income tax expense	0.1	0.1	0.0
Loss for the year	-0.8	-1.8	-0.4

Statement of financial position (in millions of EUR)

	Audited Consolidated Period ended 31 December 2020	Audited Consolidated Period ended 31 December 2021	Unaudited Consolidated Period ended 31 March 2022
Property, plant and equipment	14.3	15.7	15.3
Intangible assets	25.0	25.2	25.2
Non-current financial assets	0.0	0.0	0.0
Deferred tax assets	0.1	0.5	0.5
Total non-current assets	39.5	41.4	41.0
Inventories	3.2	3.7	4.2
Trade receivables	1.3	1.8	2.2
Prepayments and other receivables	0.7	0.8	0.8

SIA Coffee Address Holding Terms of the Notes Issue

Cash	2.3	1.7	1.6
Total current assets	7.4	8.0	8.8
Total assets	46.9	49.4	49.8
Issued capital	5.7	6.1	6.1
Share premium	8.8	11.2	11.2
Retained earnings	-0.7	-1.5	-3.3
Loss for the year	-0.8	-1.8	-0.4
Total equity	13.0	13.9	13.5
Interest-bearing loans and borrowings	13.0	8.7	8.1
Loan from shareholders	4.6	3.7	4.2
Other non-current financial liabilities	4.3	3.4	3.8
Deferred tax liability	0.0	0.3	0.3
Provisions	0.0	0.0	0.0
Total non-current liabilities	21.9	16.2	16.5
Trade payables	1.8	3.3	4.2
Interest-bearing loans and borrowings	6.2	7.6	7.1
Other current financial liabilities	1.2	5.5	5.1
Income tax payable	0.1	0.0	0.0
Other current liabilities	2.8	2.9	3.4
Total current liabilities	12.0	19.3	19.9
Total equity and liabilities	46.9	49.4	49.8