

**COFFEE
ADDRESS**

Coffee Address Company Description

February 2023

IMPORTANT LEGAL INFORMATION

This document (the “Document”) has been drawn up and made public solely for the purposes of listing the securities of SIA Coffee Address Holding, registration number 40203047754, legal address at Jaunmoku iela 34, Riga, LV-1046, Latvia (the “Issuer”) and admitting them to trading in multilateral trading facility First North operated by Nasdaq Riga AS. This Document is not and should not be construed as an offer to sell or solicitation of an offer to buy any securities. The Issuer has made all reasonable efforts to ensure that this Document provides an accurate overview of the Issuer’s business activities, financial standing, and the Notes issue. The information contained in this Document is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient.

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This Document should not be used for advertising, broadcast or as product endorsement purposes or exploit the information available in this Document to any third parties in any manner without the written consent of Issuer.

Investing into debt securities involves risks. While every care has been taken to ensure that this Document presents a fair and complete overview of the risks related to the Issuer, the operations of the Issuer and its subsidiaries, and to the notes mentioned in this Document (the “Notes”), the value of any investment in the Notes may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Document.

Investors are advised to carefully read the information contained in this Document, including the risk factors, before making a decision to purchase the Notes. Each potential investor should make his or her own analysis, and should consult his or her own financial, legal, business or tax advisers to fully understand the benefits and risks associated with the purchase of the Notes. The responsibility of the investment decision lies on each individual investor, and the Issuer and its shareholders accept no liability for any direct or consequential loss arising from the use of this Document or its contents.

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RESPONSIBLE PERSONS

The Issuer and its management board are responsible for the information contained in this Company Description and Securities Note (Terms of the Notes Issue signed on 6 July 2022) in the attachment.

Hereby I, member of the board of SIA Coffee Address Holding, Viktorija Meikšāne, certify that, by paying sufficient attention to this purpose, the information included in the Company Description and Securities Note is true, in accordance with the facts, and no information which may affect its meaning is concealed therein.

Viktorija Meikšāne
Member of the board

Executive Summary



Coffee Address at a Glance

We have created a market leader in the Baltics providing self-service premium coffee and convenience food solutions.

- **#1 coffee** solution provider in all three Baltic countries operating in different channels
- Industry **consolidator** with proven track record; since 2017 have performed 7 M&A transactions
- Strategic network and best locations driving scale and creating **high entry barriers**
- Diversified client base with **loyal blue chip customers** and outstanding customer retention
- **Efficiency** driven by modern infrastructure and strong technology platform
- Increased revenue by 3x and EBITDA by 4x from 2017 – 2021. Solid **platform for further growth**
- Strong execution capabilities with **experienced management** team backed by leading **Baltic** private equity firm BaltCap
- Plans to achieve further sales growth through optimal utilization of its existing machine park, price increases and expansion in outdoor vending and commercial segments

Key Figures

c. €39m

sales in 2022

c. €7,5m

EBITDA in 2022

c. €25m

investments in past 5 years

14,000+

serviced machines

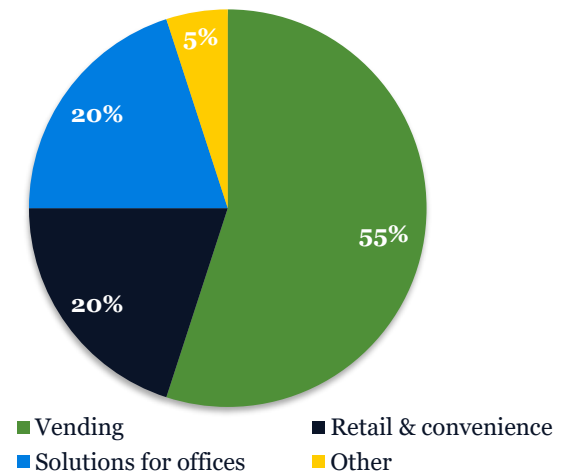
c. 300

employees

c. 5,000

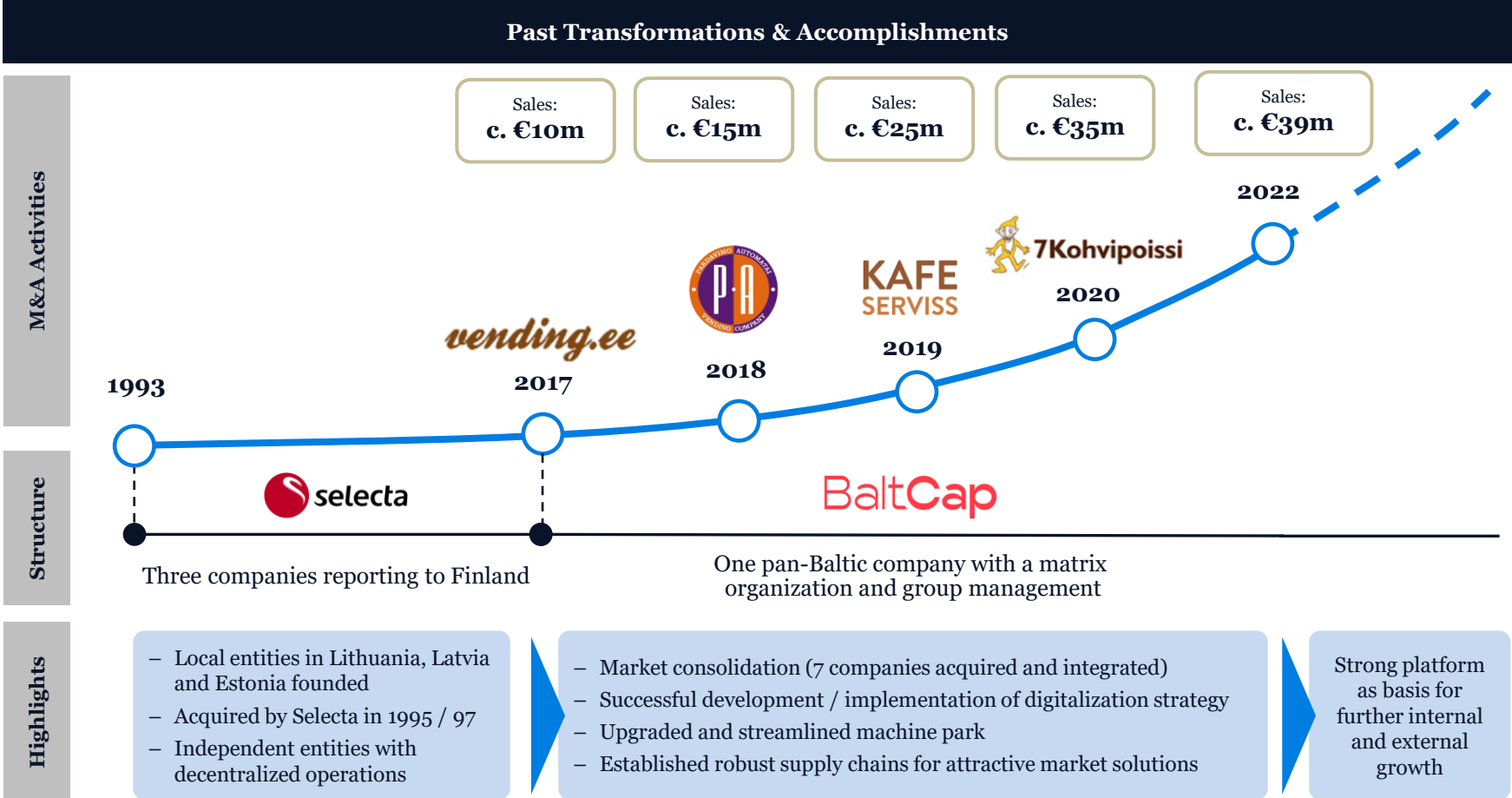
Satisfied B2B customers

What we do?



Growth Story

Under BaltCap’s ownership, Coffee Address has transformed from three independent Selecta subsidiaries to one pan-Baltic company with a matrix organization and group management.

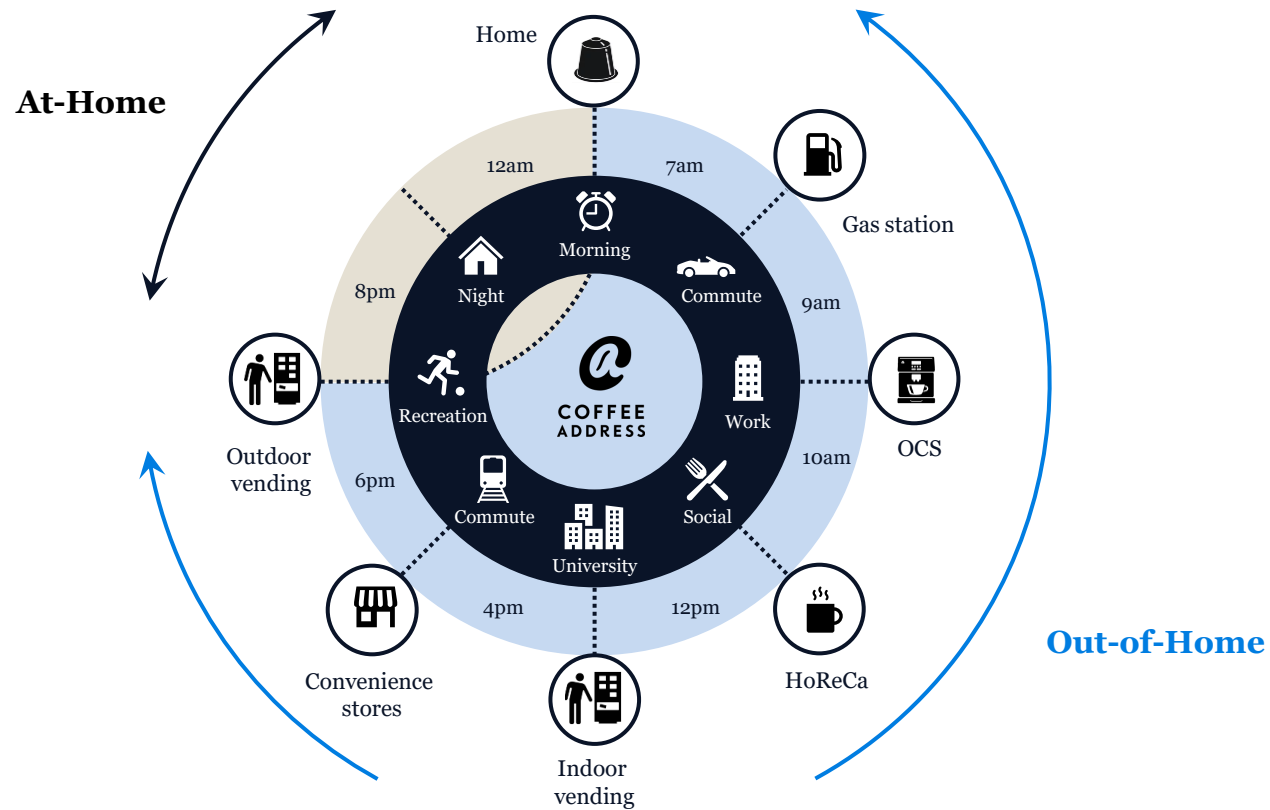


Source: Company information
 Note: Figures are illustrative for the indicated period and rounded

Positioning

Coffee Address is present in all relevant out-of-home channels along the consumer's daily journey.

Positioning in Coffee Consumer's Journey (Excluding Coffee Retail Stores)

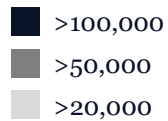


Geographic Presence

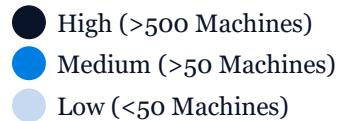
Coffee Address has dense presence and a strategic network of locations in over 30 urban areas and other regions driving scale and creating attractive economics.

Footprint⁽¹⁾

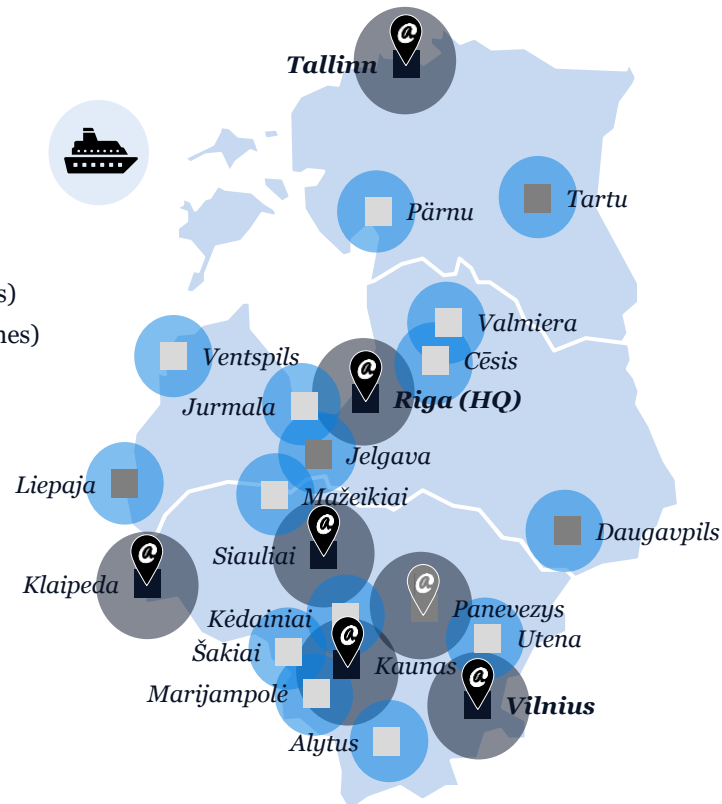
Population



Density



Other



Source: Company information

Note: Figures are illustrative for the indicated period and rounded

(1) As per 15-October 2021

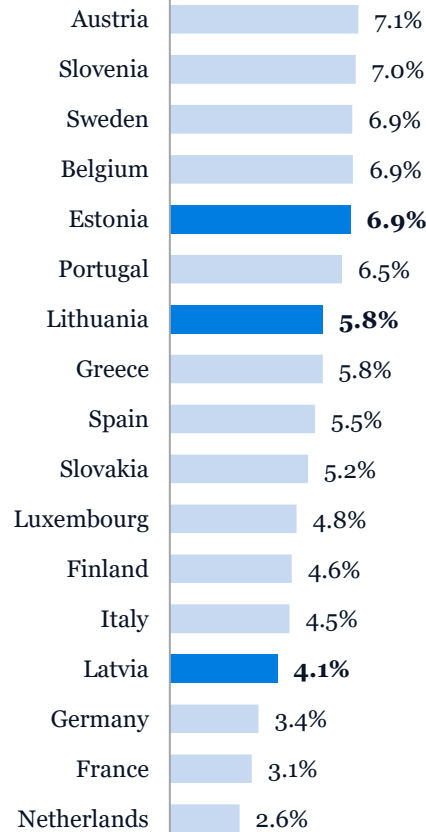
Key Market & Industry Indicators

Coffee demand growth in the Baltics among the highest in Europe while local coffee cup prices are also high on the back of ongoing premiumization.

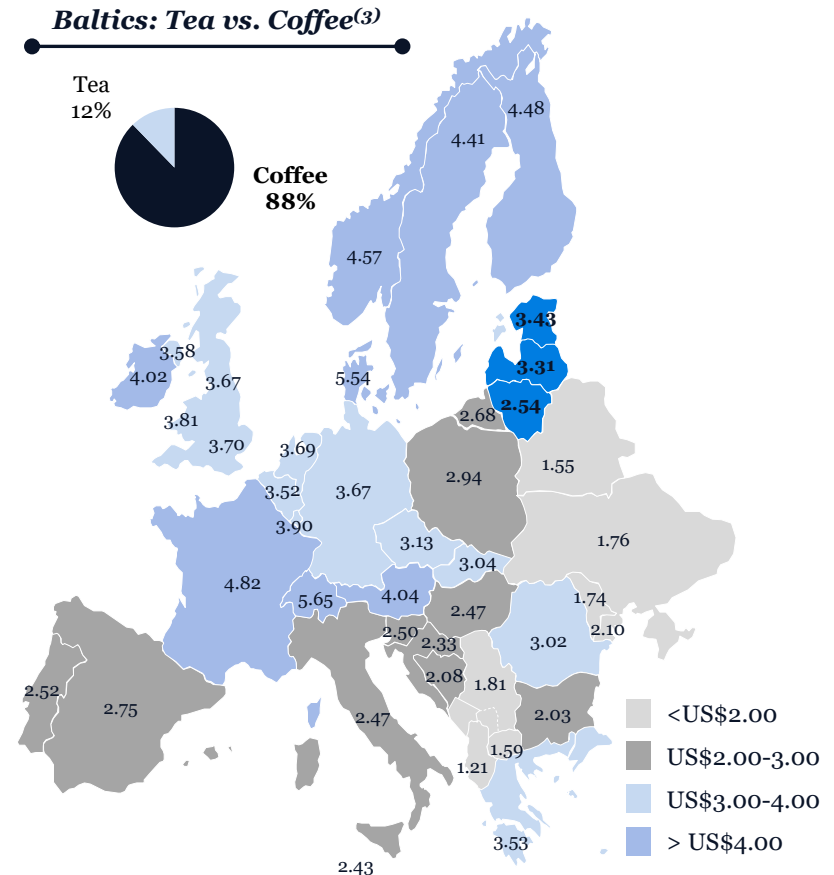
Coffee / Sector Trends

- **Premiumization:** shift of consumer demand towards more premium products with focus on quality, flavor, packaging
- **Convenient consumption** as a result of increasing mobility
- **Coffee lifestyle** with focus shifting on entire drinking experience
- **Increasing coffee spending** as a result of rising incomes

Annual Growth in Coffee Segment 2021-25⁽¹⁾



Average Coffee Prices in Europe in 2021⁽²⁾

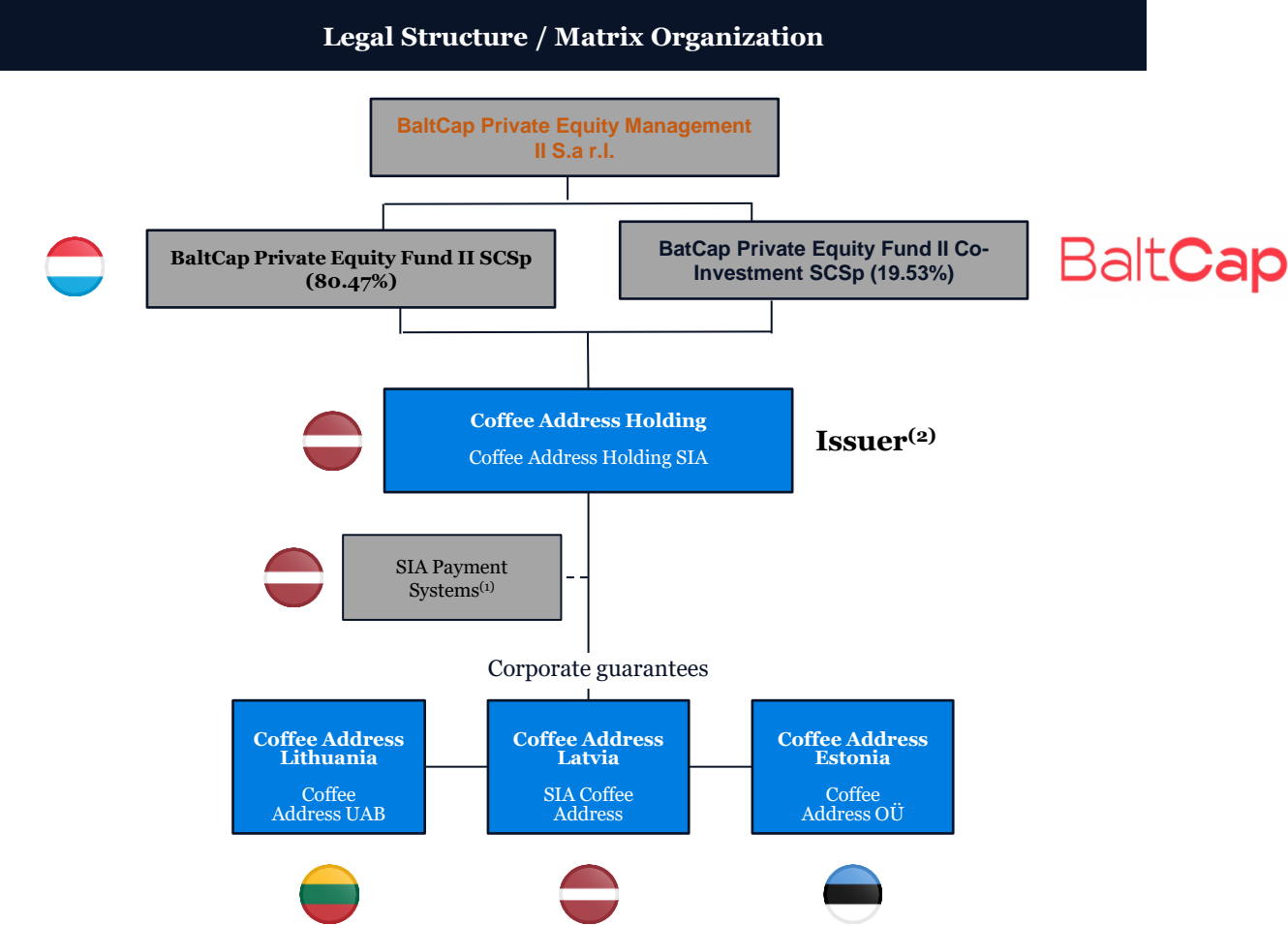


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Team & Organization

Legal Structure & Organization

Coffee Address has a lean and efficient operational setting with client-centric country entities and a centralized headquarters covering corporate functions.



Source: Company information

(1) Special purpose vehicle for cash collection and payment management that is required for vending operators in Latvia due to local legislation
 (2) The Issuer does not undertake client-facing operations and its main purpose is for attracting financing and disbursing funds to the Group's companies. The business operations described in this Company Description refer to the Group's companies. All financial covenants are tested on Group level, hence emphasis on Group performance and results in the Company Description.

Management Team

Coffee Address' management is seasoned and passionate with prior experience from international companies, with proven capabilities to handle both organic and acquisitive growth.

Key Management Team



Viktorija Meikšāne

CEO, Baltics
Member of the Board
Coffee Address Holding

Joined Coffee
Address in 2017



Member of the
Supervisory Board



Head of Corporate
Development



Manager



Aleksandr Samuchov

CEO, Country Manager
Coffee Address Lithuania

Joined Coffee
Address in 2018



Head of B2B



Business Development
Consultant



Founder and CEO



Krīvs Lode

CEO, Country Manager
Coffee Address Latvia

Joined Coffee
Address in 2020



Retail Director



Area Sales Manager



Sales Director, board
member



Ermo Rae

CEO, Country Manager
Coffee Address Estonia

Joined Coffee
Address in 2020



Sales and
Marketing Manager



Country Manager



Anda Priedīte

CFO, Baltics
Coffee Address Holding

Joined Coffee
Address in 2018



CFO



Finance Analyst

Supervisory Board

Supervisory board



Baiba Rubesa

Chairman of the
supervisory board

From 2019



Member Of The
Supervisory Board



Chair, Supervisory
Council



Dagnis Dreimanis

Member of the supervisory
board

From 2017



Managing Partner



Sandijs Abolins-Abols

Member of the supervisory
board

From 2017



Partner



Michael Wagner

Member of the supervisory
board

From 2018



CEO & Founder



Sales Director

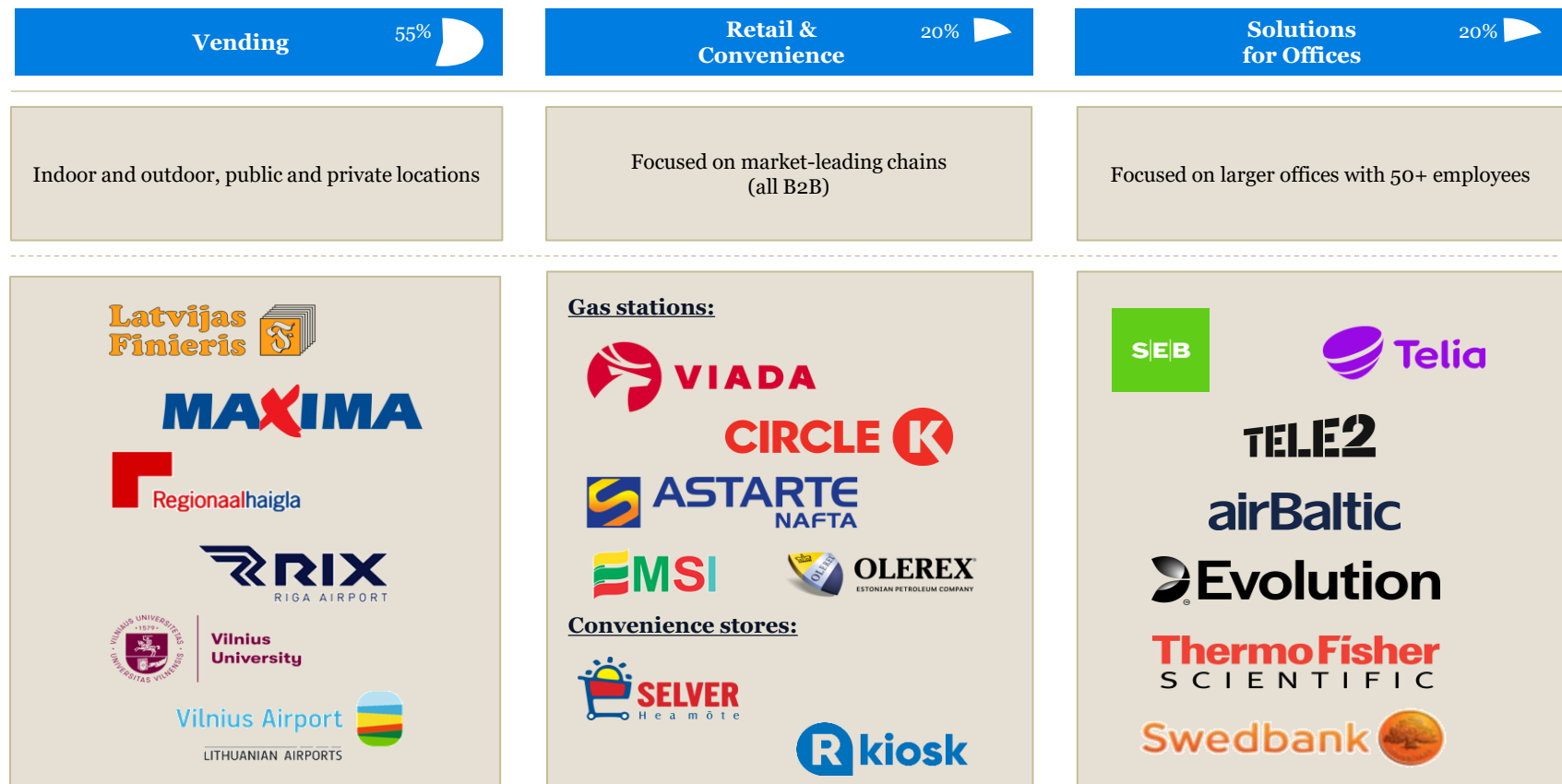
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Customers, Suppliers & Infrastructure

Customer Portfolio

Coffee Address serves a diversified and unique client base with loyal blue-chip customers in different segments and has an outstanding contract renewal track record.

Selected Client Examples⁽¹⁾
















Source: Company information

(1) Percentage indicated indicative sales per segment for year 2022, 5% are attributed to "Other"

Key Suppliers

Coffee Address is the local partner of choice of leading global machine, coffee and snack suppliers.

Selected Supplier Examples

Machines	Coffee	Snacks
   	    	   

Coffee Selection

Coffee Address offers a diversified and balanced coffee portfolio on back of its strategic collaborations with Pelican Rouge, Lavazza and other premium suppliers.

Private Label Coffee

Branded Coffee

Coffee



Own recipe bestseller blends sold under the Coffee Address brand



Own recipe bestseller blends sold under the Atlas brand



For one key customer



Premium special coffee blends from local roaster



Premium blends from Lavazza's Expert line

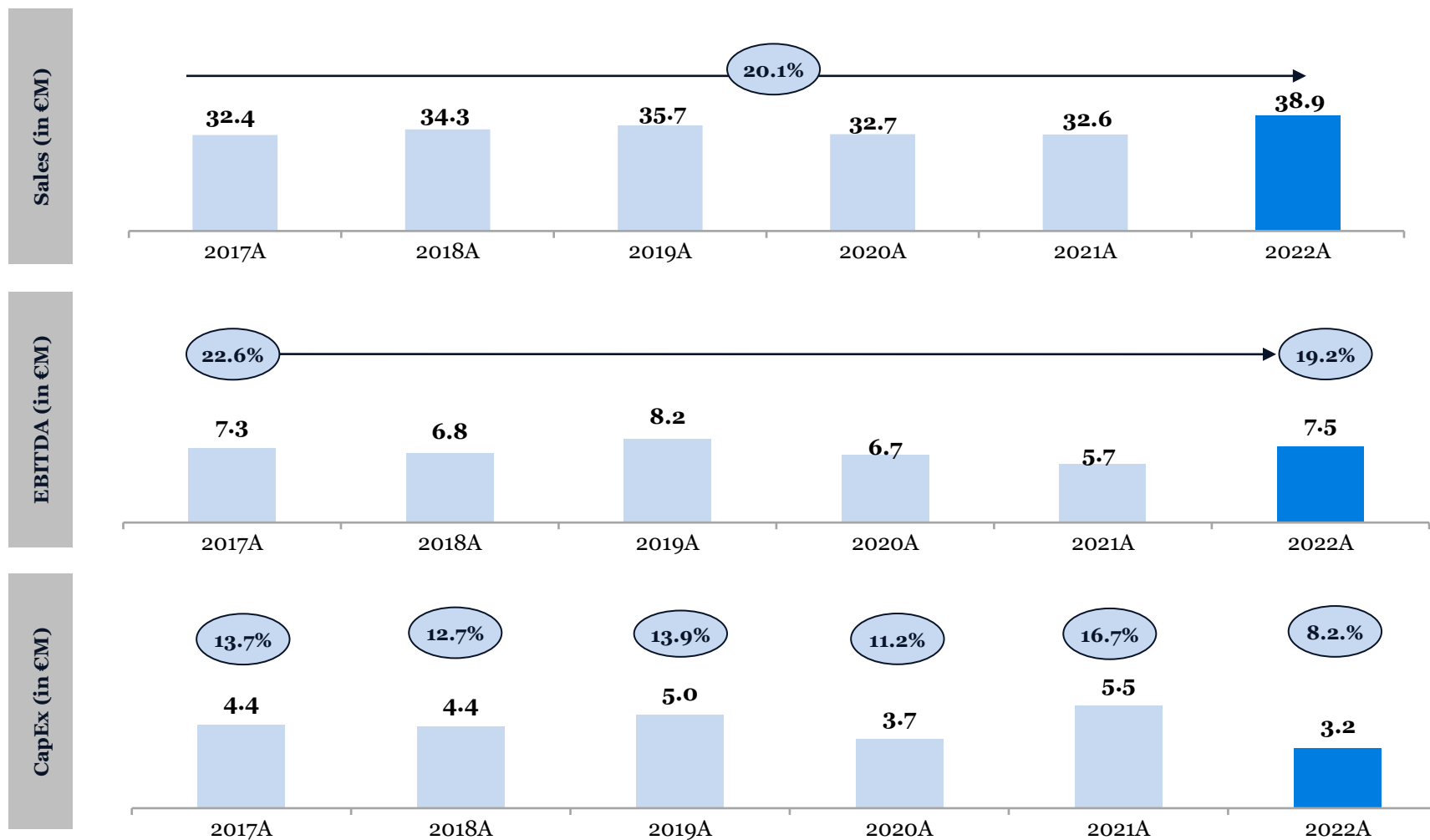
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Key Financials

Key Financials

Coffee Address is characterized by a superior financial profile with high growth rates and attractive margins benefitting from a strong infrastructure based on substantial past investments.

Development of Key Positions 2017A – 2022A



Source: Company information, KPMG Fact Book

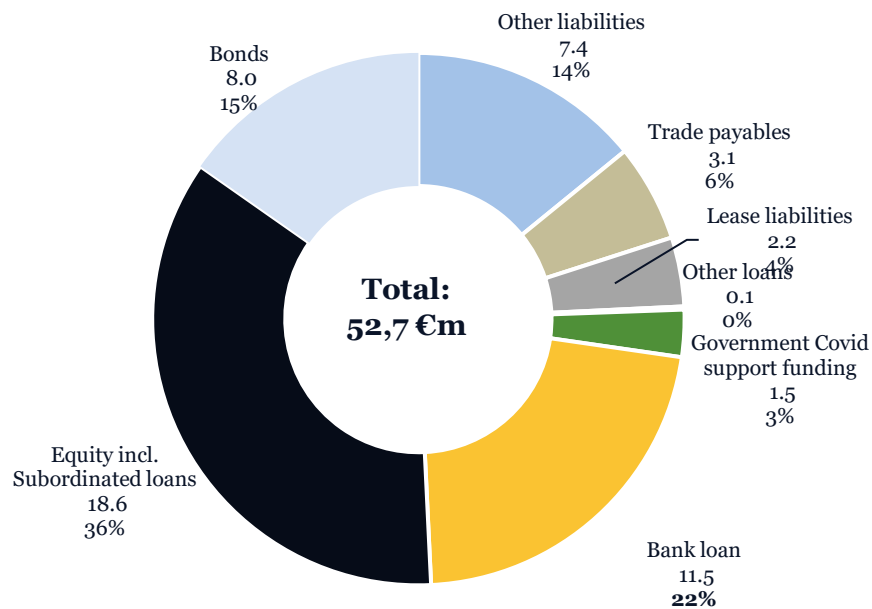
Note: Preliminary pro-forma like-for-like figures, unaudited

Funding Profile

Diversified funding structure, balanced between debt and equity.

Pro-forma Funding Structure as of 31 December 2022

Capital Structure



Income Statement

	2019 ¹	2020 ²	2021 ²	2022
EURm Proforma	Proforma	Proforma	Audited	Unaudited
1 Net revenue	35.7	32.7	32.6	38.9
2 COGS	(16.7)	(17.1)	(17.4)	(20.2)
Gross profit	19.0	15.6	15.3	18.7
Gross profit margin, %	53.2%	47.7%	46.8%	48.1%
Personnel costs	(7.7)	(6.8)	(7.3)	(8.6)
3 Other opex	(3.1)	(2.3)	(2.7)	(2.6)
Other income	0	0.3	0.5	0
Total opex	(10.8)	(8.8)	(9.5)	(11.2)
Underlying EBITDA	8.2	6.8	5.7	7.5
Underlying EBITDA margin, %	23.0%	20.8%	17.6%	19.1%
One-off costs/ M&A / development costs	(0.6)	(1.0)	(0.9)	(0.9)
4 Depreciation / amortization	(5.4)	(5.5)	(5.8)	(4.6)
EBIT	2.2	0.3	-0.9	2.1
Net interest income/(expenses)	(1.5)	(1.2)	(1.0)	(1.4)
EBT	0.7	(0.9)	(1.9)	0.7
EBT margin, %	2.0%	-2.8%	-5.9%	1.7%
CIT	(0.4)	0	0.1	0.3
Net profit / (loss)	0.3	(0.9)	(1.8)	0.4
Net profit margin, %	0.8%	-2.8%	-5.6%	1.0%

¹ Aggregated financials on a Group level; KPMG analysis

² Consolidated financials on a Group level; Auditor: SIA „Ernst & Young Baltic”

Highlights

- Sales Development**
 Revenues are derived from product vending, rent and servicing of coffee machines and sale of related goods. 2020, 2021 and 2022 were adversely affected by the pandemic.
- COGS**
 COGS are composed of cost of coffee sold (~25%) and other sold products, vending machine rent costs, spare parts of coffee machines and other COGS (cash less payment system, product delivery)
- OPEX**
 Operating expenses are mainly comprised of personnel remuneration - salary costs of technical staff (57%) and administrative (36%) and sales staff (7%).
 Other opex mainly includes transportation costs, office related costs and IT services.
- Depreciation/ amortization**
 Taking into account that at 31/12/2021 significant part of assets were fully depreciated (by accounting standards) but still in use during this year it is reviewed accounting depreciation rates.

Balance Sheet

ASSETS	31.12.2019 ¹ Proforma	31.12.2020 ² Audited	31.12.2021 ² Audited	31.12.2022 Unaudited
Non-current assets				
1 Intangible assets	9.9	25.0	25.2	25.3
2 Property, plant and equipment	14.1	13.1	13.9	14.3
Right of use assets	0	1.2	1.9	2.1
Financial assets / investments	17.7	0.0	0.0	0.1
Deferred tax assets	0.7	0.1	0.5	0.4
TOTAL	42.4	39.4	41.4	42.3
Current assets				
3 Inventories	4.5	3.2	3.7	5.1
Trade receivables	3.1	1.3	1.8	2.4
Other current assets	1.4	0.6	0.8	1.2
Cash	0.9	2.4	1.7	1.8
TOTAL	9.9	7.5	8.0	10.4
TOTAL ASSETS	52.3	46.9	49.4	52.7
EQUITY AND LIABILITIES				
Equity				
Share capital and reserves	6	14.6	17.2	17.2
Retained earnings	-3.8	-1.7	3.3	2.9
TOTAL	2.2	12.9	13.9	14.3
Liabilities				
4 Bank loans and overdrafts	10.3	15.4	14.0	11.6
Other loans	6.9	3.1	2.1	8.1
Loans from shareholders	6.4	4.6	3.7	4.4
Loans from related parties	13.6	0	0	0
Financial leases	3.8	1.2	0.5	0.1
Lease liabilities	0	1.2	1.9	2.2
Trade payables	4.8	1.8	3.3	3.1
Deferred income	1.2	1.5	2.0	2.9
5 Tax liabilities	1.8	3.6	5.7	2.8
Accrued liabilities	1.4	1.5	2.2	3.2
TOTAL	50.2	33.9	35.5	38.4
TOTAL EQUITY AND LIABILITIES	52.4	46.8	49.4	52.7

Highlights as at 31 December 2022

- 1 Intangible assets includes goodwill of **24.6m EUR** and other IT related investments.
- 2 Property, plant and equipment position with NBV of **14.2m EUR** mainly includes high quality coffee machine park and other fixed assets IT equipment, vehicles.
- 3 Inventories position of **5.1m EUR** mainly includes goods for sale, coffee machines and spare parts
- 4 Diversified funding structure, balanced between debt and equity.
Bank loans of **11.6m EUR** consist of long term loans and overdraft. Bank loans mainly related to M&A activities.

Other loans balance of **8.1m EUR** composed primary of **5m EUR** bonds and **3m EUR** bonds (VIVA Covid-19 support fund).
- 5 Tax liabilities includes current tax liabilities of **1.3m EUR** and **1.5m EUR** of deferred tax payments as state aid during Covid -19.

¹ Aggregated financials on a Group level; KPMG analysis

² Consolidated financials on a Group level; Auditor: SIA „Ernst & Young Baltic”

Key Investment Highlights

Coffee Address: pan-Baltic premium coffee self-service and convenience food solution provider with a network of prime locations to serve the consumers' daily out-of-home journey and capitalize on its strong cross-regional infrastructure.



#1 coffee solution provider in all 3 Baltic countries using multiple channels

- Dense network of out-of-home channels at strategic locations driving scale and creating high entry barriers
- Active in the attractive Baltic markets with GDP growth rates among the highest in Europe
- An integrated business model with full offering and collaboration with leading global brands (e.g. Lavazza, Starbucks)
- Positioned in premium segment benefitting from favorable market structure

Premium customer portfolio with innovative and market-exclusive solutions

- Diversified client base with focus on loyal blue-chip customers in different segments with outstanding retention rates
- Unique service station and convenience retail portfolio
- Chain of 600+ outdoor premium machines in public locations
- Micro-market solution with ongoing roll-out in Latvia and exclusive Starbucks on the go service partner in the Baltics

Efficiency driven by modern infrastructure and strong technology platform due to leading digital innovation

- Uniform state-of-the-art machine park from top brands and fully implemented cashless payment system
- AI-enabled vending management system and state-of-the-art business intelligence tools
- Attractive digital solutions for customers in line with global trends (payments, loyalty, e-commerce, self-service portal)

Lean and flexible organization with experienced leadership team

- Well functioning matrix structure with client-centric country organizations and centralized business development
- Automated and aligned operational processes that can be adapted in other markets
- Seasoned and innovative management team with prior experience from international blue-chip companies, capable to handle both organic and acquisitive growth
- Unparalleled technical competence accumulated in 25+ years in coffee machine maintenance and refurbishment

Superior financial profile with substantial upside potential and future strategic opportunities

- Increased revenues by 3 times and EBITDA by 5 times over the last four years
- Financial key performance indicators well above industry averages
- Solid platform as basis for further growth in the Baltic countries and beyond

Source: Company information

Note: Figures are illustrative for the indicated period and rounded

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Transaction overview

Term-Sheet

Issuer	SIA Coffee Address Holding
Type of notes	Unsecured bonds
Seniority of notes	JUND – Junior Debt
Guarantee	Corporate guarantees from Coffee Address SIA, Coffee Address UAB, Coffee Address OU
ISIN	LV0000802585
Issue size	EUR 5'000'000
Issue price	100.00%
Maturity	30 June 2025, bullet
Annual coupon rate, coupon frequency	9%, paid quarterly
Nominal value	EUR 1,000
Use of proceeds	Refinancing of the Group's existing liabilities
Call Option	@102% after Year 1 @100.5% 3 months before maturity
Put Option	In case of Change of Control @101%
Financial covenants	<ul style="list-style-type: none">• Adjusted Equity ratio of min 30%• Net Debt / EBITDA of max 4x from the Issue Date, max 3x starting from July 2023• DSCR of min 1.1x
Arranger and Certified Adviser	Signet Bank AS
Collateral agent	ZAB Eversheds Sutherland Bitāns SIA
Admission to trading	Nasdaq Riga First North Bond list

Certified Adviser



Signet Bank AS acts as the First North Certified Adviser for SIA Coffee Address Holding

Official name: **Signet Bank AS**

Registration number: 40003043232

Main field of activity: Banking services

Address: Antonijas iela 3, Riga, LV-1010, Latvia

Web page: <https://www.signetbank.com/>

Representative

Kristiāna Janvare, CFA

E-mail: Kristiana.Janvare@signetbank.com

Phone: +371 67 081 128

Signet Bank AS is advising SIA Coffee Address Holding with the preparation of admission documents. The agreement is valid from the day of submitting the application for admission to trading on First North to Nasdaq Riga until the actual first trading day of the Notes on First North platform.

Certified Adviser and employees of the Certified Adviser do not have any direct or indirect shareholdings in the Issuer and are not represented in Board of the Issuer.

Investor Rights¹

Any Noteholder has the right to receive Coupon and Nominal Value payments in accordance with the Clause 11.2. “Coupon payment” and 12.1. “Repayment at maturity”, as well as exercise other rights fixed in the Terms of the Notes Issue and Legal Acts of the Republic of Latvia.

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.

Early redemption: Noteholders shall not have rights to demand early redemption of Notes (put option), except in case of occurrence of the events of default in accordance with the Clause 15. “Events of default”. Additionally, in case a Change of Control has occurred or is anticipated to occur, 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.

Restrictions on free circulation of the Notes: 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.

Representation of the Noteholders: 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. 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. 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.

Rights if Issuer breaches its obligations¹

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.

Each of the events or circumstances set out in below shall constitute an event of default:

- Non-payment (Clause 15.3.(a));
- Breach of Financial Covenants (Clause 15.3.(b));
- Breach of Undertakings (Clause 15.3.(c));
- Cross default (Clause 15.3.(d));
- Insolvency (Clause 15.3.(e)).

¹For full overview, please refer to the Terms of the Notes Issue.

Risk Factors

BELOW IS THE DESCRIPTION OF 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. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALIZE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER AND THE GROUP. MOREOVER, IF ANY OF THESE RISKS MATERIALIZE, 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 INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

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 THE TERMS OF THE ISSUE, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY. 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 ISSUER OR THE GROUP. THIS IS NOT AN EXCLUSIVE LIST OF RISK FACTORS, AND ADDITIONAL RISKS, OF WHICH THE ISSUER IS NOT PRESENTLY AWARE, COULD ALSO HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER AND THE GROUP.

1. Risk Factors

1.1. Important note

The risks indicated in this section, if some or all of them materialize, may reduce Issuer's ability to fulfil its obligations or cause its insolvency or restructuring in the worst-case scenario.

This section may not feature all the potential risks, which may affect the Issuer.

1.2. Risks related to the economic and regulatory environment

1.2.1. 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 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 Company'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 Group's control.

Recessionary conditions and uncertainty in the macroeconomic environment may also adversely impact the Group's clients' decisions to close new agreements or prolong the existing agreements for the use of products and services of the Group as well as consumers' discretionary consumption patterns. A majority of the Group's vending machines are located in office environments or other private vending locations. Consequently, the majority of Group's sales from such vending machines occur during the working week. There is, therefore, a correlation between the total number of items sold through vending machines and work force levels which tend to suffer during recessionary periods as does consumer purchasing power. Employee retrenchment and uncertain economic prospects 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.

1.2.2. 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, and are expected to continue to cause, disruptions in the Group's value chain. Imposed Covid-19 related restrictions and high number of confirmed cases particularly had negative effect on 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, Group has entered the outdoor vending segment which, while having shown strong growth, has not been able to fully offset the decrease in indoor vending and office solution segments during the waves of the Covid-19 pandemic.

As a result of the Covid-19 situation, 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.

1.2.3. 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

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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.

1.2.4. 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, 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 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 Group's business, financial condition and results of operations.

1.2.5. 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.

1.2.6. Financial leverage risk

Although the financial leverage of the Group will not increase as a result of the Notes issue 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 guarantee 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.

1.2.7. 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.

1.2.8. 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 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.

1.2.9. 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.

1.2.10. Counterparty credit risk

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

1.2.11. Competition risks

The market segment of the food and beverage sector in which Group operates is highly competitive. Depending on location, 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 Group's vending machines which sell the same or similar products 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.

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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.

1.2.12. Risk of increasing vending rent rates

Group is generally required to pay vending fees, or vending rent, to place vending machines in public locations, such as airports and train stations and corporate locations. 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 Group is unable to respond effectively to such pricing-related pressures, its profitability could suffer and Group may fail to retain or win new clients. 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 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

1.2.13. Risk of dependency on limited number of vending and coffee machine manufacturers

While the Group sources its vending and coffee machines from a large number of manufacturers, top 3 suppliers (Necta, Jura and Franke) constituted 74% of its machine park as of December 31, 2021 and the Group intends to further concentrate its sourcing of machines to those suppliers for the majority of machine purchases in the future. The Group currently, and will increasingly, rely on such manufacturers to produce high-quality vending and coffee machines in adequate quantities to meet clients' demands. If one or more of Group's vending and coffee machine manufacturers were to experience severe financial difficulties or cease operations, or experience a reputational damage, the Group's ability to source new machines or component parts could be disrupted and a prolonged interruption could have a significant adverse effect on Group's business. Any decline in quality, disruption in production or inability of the manufacturers to produce the machines Group require in sufficient quantities or in a timely manner, whether as a result of a natural disaster, labor strikes, financial difficulties or other causes, could have a material adverse effect on Group's business, financial condition and results of operations.

1.2.14. Risk of supply and logistics chain disruptions

A disruption in Group's supply and logistics chain caused by transportation disruptions, delays or increased expenses, labor strikes, product recalls or other unforeseen events could adversely affect 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 Group is able to address the situation and Group is unlikely to recoup the loss of such vends. These events could cause Group's revenue to decline, require additional resources to restore its supply and logistics chain or otherwise adversely affect Group's business, financial condition and results of operations.

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

Group's business operations rely on frequent restocking and maintenance of its machines at a multitude of locations. As a result, 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, 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. 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 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 Group's results of operations, liquidity and financial condition.

In order to minimize risks and to ensure a stable impact on its financial development, Group is passively hedging against such volatility through supply contracts with fixed pricing over a twelve-month period (currently until end of 2022) with its top 2 coffee suppliers Pelican Rouge and Schirmer Kaffee, while the supply agreement with Lavazza does not include such price hedging mechanism.

1.2.16. Risk of increase in labor and employment costs

Although the Group has made substantial investments in digitalization to achieve productivity gains, labor and employment costs make up the majority of Group's operating expenses – 77% for year 2021. Group's labor 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. Group may not be able to offset increases in labor and employment costs through productivity gains. If labor and employment costs increase in the future, Group's operating costs will increase, which could, if 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 Group's business, financial condition and results of operations.

1.2.17. 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 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 Group's total capital expenditures amounted to EUR 5.6 million, EUR 3.0 million and EUR 5.5 million, respectively, of which total capital expenditures for coffee and vending machines and related equipment were EUR 3.5 million, EUR 1.5 million and EUR 3.3 million, respectively. The Group expect 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 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 Group's expectations leading to

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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 Group's business, financial condition and results of operations.

1.2.18. Risks associated with the integration of acquisitions

Part of the Group's strategy has been growing its business through acquisitions. The Group has made seven acquisitions since 2017, including the acquisitions of BCH Lithuania UAB, Baltic Payment Solutions SIA, BCH Estonia OU and BCH Latvia SIA in 2017, Pardavimo automatai UAB in 2018 and Kafe Serviss SIA and 7 Kohvipoissi OÜ in 2020. Once the Group completes an acquisition, it may seek to harness certain operational synergies and cost savings premised upon, among other things, economies of scale, rationalization of headquarters functions, consolidation of manufacturing sites and rationalization of supply chains. However, Group may not be able to realize any of the foregoing synergies either in the amount or within the timeframe that we may anticipate, and the costs of achieving any such synergies may be higher than what it expects. Group's ability to realize such operational efficiency and cost saving measures may be affected by a number of factors, including increases in expenses related to the relevant acquisition(s), which may offset the cost savings therefrom. Moreover, successful integration and the realization of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems.

Any future acquisition could require Group to make significant investments or increase its debt. If acquisitions are made, there can be no assurance that Group will be able to maintain the customer base of the businesses that it acquires, generate expected margins or cash flows, or realize the anticipated benefits of such acquisitions, including growth and expected synergies. Although Group analyzes acquisition targets, such assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. There can be no assurance that Group's assessments of, and assumptions regarding, acquisition targets will prove to be correct, and actual developments may differ significantly from its expectations. In most cases, acquisitions involve the integration of a separate business which was previously operated independently, and under different systems and protocols. It is possible that Group may not be able to integrate acquisitions successfully into its business or that such integration may require more investments than it had expected, or that Group may incur unknown or unanticipated liabilities with respect to customers, employees, suppliers or other parties relating to the acquisition.

As a consequence of Group's previous acquisitions, it has recognized significant amounts of intangible assets and goodwill on its balance sheet. As of December 31, 2021, 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 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. 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 Group is required to recognize in the future may be significant, particularly in the event of material acquisitions or products that perform below Group's expectations.

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

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. 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. 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 Group's systems and potential unauthorized disclosure of sensitive or confidential information, including personal data of, among others, Group's employees, customers, contractors, vendors and other business partners.

In the event of such actions, 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 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 Group's business, financial condition and results of operations or on its ability to service or otherwise make payments on the Notes and our other indebtedness.

Any of these developments could have a material adverse effect on 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.

1.2.20. Risk of change of control

Since 2017 Group has been 100% owned by its Existing Shareholders (BaltCap Private Equity Fund II SCSp and BaltCap Private Equity Fund II 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 X); however, this may result in a shorter holding period of the Notes than initially expected by the Noteholder.

1.3. Risks related to collaterals

1.3.1. Risks associated with lower ranking of Collateral

Risk Factors

The Collaterals to be provided to secure the Company's obligations to the Noteholders the Notes will be second ranking, junior to the security interests in the same assets provided by the Company to Luminor Bank AS. Therefore, if the Collaterals would be enforced, the Noteholders would receive payment of their claims in respect of the Notes only to the extent that the enforcement proceeds of the sale of the Collaterals are sufficient to pay in full all claims of Luminor Bank AS secured by the same Collateral, the costs of enforcement of the Collaterals, and certain other preferred claims.

The Collaterals secure claims of Luminor Bank AS up to the aggregate amount disclosed in the relevant registries. The aggregate enforcement proceeds that may be received upon the enforcement of the Collaterals depend on various factors, including, by way of an example, the existence of a liquid market for the relevant assets, the prevailing market conditions at the time of enforcement, the value and quality of the assets pledged, the time of enforcement, the enforcement actions taken and others. The Company does not have an obligation to provide and maintain the Collaterals at the level that would be sufficient to cover all claims secured by the Collateral. There is no assurance that the Collaterals will be sufficient and can be enforced at a price that would cover in full all secured claims of Luminor Bank AS, the enforcement costs of the Collaterals, the other preferred claims, the claims of the Noteholders and the other claims secured by the Collateral Agreements.

If the enforcement proceeds of the sale of the Collaterals are not sufficient to pay all claims of the Noteholders under the Notes, the claims not paid from the enforcement proceeds will be unsecured obligations of the Company and will be paid by the Company pro rata with all other unsecured and unpreferred obligations of the Company but only if the Company owns any assets that were not subject to the Collaterals.

The Collateral Agent does not intend to enter into an inter-creditor agreement or another arrangement with Luminor Bank AS in respect of the Collaterals. Therefore, Luminor Bank AS will not be under an obligation to coordinate its security enforcement actions and decisions with the Noteholders or the Collateral Agent. Luminor Bank AS may elect to enforce its security interests at the time, or in the way, or on the terms that are not in the best interests of the Noteholders. The Collateral Agent's ability to enforce the Collaterals may be limited and subject to the rights of Luminor Bank AS.

1.3.2. Risks associated with Parallel Debt

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes will not be granted directly to the Noteholders but will be created and perfected in favor of the Collateral Agent. Thus, the Noteholders will not have any independent power to enforce, or have recourse to, any of the Collateral Agreements or to exercise any rights or powers arising under the Collateral Agreements. Only the Collateral Agent will be entitled to enforce the Collaterals. As a result of these restrictions, the Noteholders will have limited remedies and recourse against the Issuer in the event of a default. In particular, none of the Noteholders will have a direct benefit under the Collaterals, and none of the Noteholders will have the status of a secured creditor in the insolvency or legal protection (in Latvian: tiesiskās aizsardzības) proceedings of the Company. From a purely legal perspective, the Noteholders will qualify as unsecured creditors of the Company and the Noteholders' claims under the Notes vis-à-vis the Company directly will be unsecured obligations of the Company.

Due to Latvian law legal requirements, the Collateral Agent cannot take and perfect the security for Company's obligations under the Notes. The Parallel Debt creates contractual security for the

Noteholders' claims under the Notes because the Collateral Agent has an obligation pursuant to Clause 9.7. (Application of the Proceeds from Enforcement of the Collateral) to apply the enforcement proceeds received in enforcement of the Collaterals securing the Parallel Debt in and towards satisfaction of the Noteholders' claims.

Parallel Debt is a contractual instrument designed to allow the Collateral Agent to take, perfect, maintain, administer and enforce the Collaterals in its own name and right but for the benefit of the Noteholders. The concept of the Parallel Debt is not explicitly recognized under the Latvian law and its legality, validity and enforceability has not been tested in the Latvian courts. If the Parallel Debt arrangements are declared to be illegal, invalid or unenforceable by Latvian court, that will result in the Collaterals not being valid and enforceable or not being duly perfected in accordance with the applicable legal requirements. As a consequence, the Noteholder's claims under the Notes would rank pari passu with the other unsecured obligations of the Company and the Noteholders will not have a preferential right to the enforcement proceeds of the Collaterals.

1.3.3. Risks associated with the Collateral Agent Agreement

The Investors are represented by the Collateral Agent in all matters relating to the Collaterals. 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 perfecting, maintaining, enforcing or taking other necessary actions in relation to the Collaterals. Subject to the terms of the Collateral Agent Agreement, the Collateral Agent is entitled to enter into agreements with a third-party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Collaterals or for the purpose of settling, among others, the Investors rights to the Collaterals.

1.3.4. Risks associated with the value of the Collaterals

The value of the Collaterals is not fixed and is subject to changes in several factors, primarily the demand and supply conditions for the Group's products, which at times can be unpredictable and are out of the Company's control. Thus, the value of the Collaterals might decline if unfavourable market conditions would result in a decline in prices of the Group's products. Additionally, if a sudden necessity to sell the Collaterals (or any part of them) were to arise, the Company might be forced to sell the Collaterals at a discount to its market value and derive less value than expected from it.

Moreover, the Collaterals structure could change over time due to changes in the Group's inventory and overall asset structure. Additionally, the Collaterals are subject to damage defects, and the risk of theft or legal disputes. Any of these risks related to the Collaterals can negatively affect the value of the Collaterals and the Company's ability to meet its obligations under the Notes.

Considering the Collateral Agent does not supervise the quality of the Collaterals and did not carry out a legal due diligence of the Collaterals and its parts during the duration of the Company's obligations and the Collateral Agent has no liability to the Investors in this regard, there is a risk the Collaterals may be taken over, but the realization of the Collaterals may be insufficient to fully satisfy the Investors' claims.

1.3.5. The Collateral and the Guarantees 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

Risk Factors

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

Enforcement of any of the Collateral and the Guarantees against any Collateral Provider or Guarantor will be subject to certain defences available to the Collateral Providers and 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 Collateral Providers and Guarantors may have no liability or decreased liability under its Collateral and/or Guarantee depending on the amounts of its other obligations and applicable law.

There is a possibility the entire Guarantee or the Collateral may be set aside, in which case the entire liability may be extinguished. If a court decided a Guarantee or Collateral was a preference, fraudulent transfer or conveyance and voids such Guarantee or Collateral, or holds it unenforceable for any other reason, the Noteholders may cease to have any claim in respect of the relevant Guarantor or Collateral Provider and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor or Collateral Provider under the relevant Guarantee or Collateral which has not been declared void or held unenforceable.

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 Guarantees 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 or 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 Guarantees.

1.3.6. The enforcement of the Collaterals and Guarantees 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 Collaterals are 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 security may be delayed due to the provisions of the Collateral Agent Agreement and these Terms of the Notes Issue.

1.3.6. 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 such secured creditors, i.e., Investors, in relation to the Collaterals.

Only the Collateral Agent is entitled to exercise the rights under the Collaterals 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 security and/or receive any or all amounts payable from the security in a timely and effective manner.

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Nasdaq First North listing disclosures

Transactions with related parties

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group are shareholders who have control or significant influence over the Parent company in accepting operating business decisions, key management personnel of the Parent company including members of Supervisory body - family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

EURm 6M 2022	Transactions within group	Transactions with shareholders
Sales to Related parties	0.7	-
Purchases from related parties	0.7	-
Interest expenses	0.7	0.1
Interest income	0.7	-

EURm 30.06.2022	Transactions within group	Transactions with shareholders
Loans issued to related parties	27.0	-
Loans from related parties	27.0	4.3
Receivables from related parties	0.5	-
Liabilities to related parties	0.5	-

Other statements

Legal proceedings

At the moment of preparing the Company Description and Securities Note, none of the Group companies is involved in:

- any ongoing legal proceedings or any historical legal proceedings from the previous reporting periods against the Issuer or any Group company,
- any insolvency applications, insolvency proceedings or legal protection proceedings,
- any legal proceedings in connection with fraud or other economic violation in which management board members or supervisory board members of the Group or directors of the Issuer have been involved.

Important agreements

The Issuer has no knowledge of any other important agreements or internal decisions that could have been concluded within the company or between the Issuer and any related company and that could affect the Issuer's capability to fulfil its liabilities due to Noteholders regarding the issued Notes.

Substantial changes in financial situation of the Group

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in the future.

Significant and recent known trends

During 2020 and 2021, many economic sectors were affected by the outbreak of the global pandemic.

Information about the issuer

The Issuer does not undertake client-facing operations and its main purpose is for attracting financing and disbursing funds to the Group's companies. The business operations described in this Company Description refer to the Group's companies. All financial covenants are tested on Group level, hence emphasis on Group performance and results in the Company Description.

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Appendices

Appendices

1. Terms of the Notes Issue signed on 6 July 2022
2. Audited standalone financial report of SIA Coffee Address Holding for the year 2021
3. Audited consolidated financial report of SIA Coffee Address Holding for the year 2021



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