

Limited Liability Company
“Coffee Address Holding”

(UNIFIED REGISTRATION NUMBER 40203047754)



CONSOLIDATED ANNUAL REPORT



for the period ended 31 December 2024
(7th financial year)

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
TOGETHER WITH INDEPENDENT AUDITORS' REPORT*

Riga, 2025

*This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

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GENERAL INFORMATION

Name of the Parent company	Coffee Address Holding	
Legal status of the Parent company	Limited Liability Company	
Unified registration number, place and date of registration of the Parent company	40203047754 Riga, 02.02.2017	
Legal address of the Parent company	Jaunmoku street 34, Riga, Latvia, LV-1046	
Shareholder of the Parent Company	BaltCap Private Equity Fund II SCSp (80.46664%) BaltCap Private Equity Fund II Co-Investment SCSp (19.53336%)	
Board members of the Parent company	Viktorija Meikšāne, board member from 07.03.2017	
Companies in the Group	<p>COFFEE ADDRESS SIA, acquired on 14 March 2017 Mūksalas street 42, Riga, Latvia, LV-1004</p> <p>COFFEE ADDRESS UAB, acquired on 14 March 2017 Parko 39, Avižieniai, Vilniaus r., Lithuania, LT-14198</p> <p>COFFEE ADDRESS OU, acquired on 14 March 2017 Osmussaare tee 5/ Taevakivi 1, Tallinn, Estonia, 13811</p> <p>PAYMENT SYSTEMS SIA, established on 21 May 2018 Kauguru street 6, LV-1046, Riga, Latvia, LV-1046</p>	
Financial period	January 1 – December 31, 2024	
Auditors	<p>Inguna Stasa</p> <p>LR Certified Auditor</p> <p>Certificate No. 145</p>	<p>SIA „Deloitte Audits Latvia”</p> <p>Republikas laukums 2A, Riga</p> <p>Latvia, LV – 1010</p> <p>Licence No.43</p>

MANAGEMENT REPORT

GENERAL INFORMATION

Coffee Address Group consists of parent company SIA Coffee Address Holding and its subsidiaries (Coffee Address Group). Limited liability company Coffee Address Holding was established on 2 February 2017 by BaltCap Private Equity Fund II SCSp. with the primary aim to acquire three Baltic subsidiaries of Selecta AG. Coffee Address is market leader in the Baltics providing self-service premium coffee and convenience food solutions.

The main companies in the Group are Coffee Address UAB based in Lithuania, Coffee Address OU based in Estonia and Coffee Address SIA based in Latvia.

Coffee Address Group has 299 employees covering 100% of the Baltic countries geographically with offices in Tallinn, Tartu, Vilnius, Riga, Liepāja, Daugavpils, Kaunas and Klaipeda. There are around 13 600 coffee machines in the market, and we are proud to serve over 250,000 cups of coffee a day.



299

Employees



13 600

Coffee machines
in the market



1000 t

Coffee sold per
year



5 000

Satisfied
customers



3 Countries

Number 1 market
position in all
Baltic states

OVERVIEW OF THE GROUP'S STATUS AND RESULTS OF OPERATION

Coffee Address is a market leader in the Baltics providing self-service premium coffee and convenience food solutions.

In 2024, the Group maintained stable sales performance, reaching 44.2 million EUR. Management remained focused on enhancing profitability, resulting in increase in profitability, compared to the previous year and ending the year with a net profit of 1.5 million EUR.

The key success factors that are driving the profitable growth are as follows:

- Strategic network of best locations;
- Attractive solutions and concepts for customers;

- Lean and digitalized internal processes;
- “One Company” in three countries;
- Engaged and motivated employees.

Coffee Address Group has a well-balanced financing structure to achieve its goals. Its financing portfolio consists of shareholder equity and loans, variety of bank financing instruments – long terms loans, overdrafts and publicly quoted bonds.

MANAGEMENT REPORT (CONTINUED)

THE MAIN TYPES OF RISKS

Coffee Address Group faces the following key risks:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the part of the Group's long-term debt obligations with floating interest rates. Interest rate management is limited due to its external nature. Management observes market environment and if the interest rate volatility increases, takes it into account in the cash flow projections.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). As amount of operations in foreign currency is insignificant, the Group's exposure to foreign currency changes is immaterial.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the continuous supply of coffee and chocolate. To limit the Group's exposure of commodity price risk, to the extent possible, the Group has entered into fixed price agreements with its ingredient suppliers.

Liquidity and cash flow risk

The Group monitors its risk of a shortage of funds by performing regular cash flow projections. The Group's objective is to ensure continuity of funding and flexibility using a variety of financing instruments.

The Group balances debts' payment terms of customers and suppliers. As at 31 December 2024 the Group's current liabilities exceed current assets, it also includes a bonds of 5 000 thousand maturing on June 30, 2025, which will be refinanced. The Group management has reasonable expectations to cover remaining liquidity gap by operating cashflows and use available overdraft if such need arises. The Group management has performed detailed cash flow forecast and monitoring them on monthly bases. The Group's management believes that financial position remains stable, and it is capable to continue its activities and keep healthy level of investments for at least one year period after the issue of these financial statements.

EVENTS AFTER THE REPORTING PERIOD

Except for events disclosed in Note 28, there are no other significant subsequent events that could have a material impact on the financial statements.

Viktorija Meikšāne
Member of the Board

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STATEMENT OF MANAGAMENT RESPONSIBILTIES

The management of Coffee Address Holding SIA confirms that the consolidated financial statements have been prepared in accordance with the applicable legislation requirements and present a true and fair view of the financial position as at 31 December 2024 and its financial performance and cash flows for the year then ended.

The management report contains a clear summary of Coffee Address Holding SIA and its subsidiaries business development and financial performance. The financial statements have been prepared according to the International Financial Reporting Standards as adopted by the European Union. During the preparation of the consolidated financial statements the management:

- o Used and consequently applied appropriate accounting policies;
- o Provided reasonable and prudent judgments and estimates;
- o Applied a going concern principle unless the application of the principle wouldn't be justifiable.

The Board of the Parent Company is also responsible for maintaining appropriate accounting records that would provide a true and fair presentation of the financial position at a particular date and financial performance and cash flows and enable the management to prepare the financial statements according to the International Financial Reporting Standards as adopted by the European Union.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 EUR	2023 EUR
Revenue	5	44 216 592	44 190 162
Materials and consumables		(23 159 239)	(23 801 723)
Personnel costs	6	(9 456 243)	(9 093 869)
Other operating costs	7	(3 405 222)	(3 689 341)
Loss/ gain from disposal of fixed assets, net		89 877	(10 272)
Depreciation and amortization	10, 12	(4 946 154)	(5 058 448)
OPERATING PROFIT		3 339 611	2 536 509
Finance income		7 329	3 386
Finance costs	8	(1 938 128)	(2 003 992)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		1 408 812	535 903
Income tax expense/ benefit	9	96 790	(267 289)
PROFIT FOR THE YEAR		1 505 602	268 614
Other comprehensive income		–	–
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR, NET OF TAX		1 505 602	268 614
Profit attributable to Equity holders of the Parent of the Company		1 505 602	268 614
Comprehensive profit attribute to Equity holders of the Parent of the Company		1 505 602	268 614

The accompanying notes form an integral part of these financial statements.

Viktorija Meikšāne
Member of the Board

Anda Priedīte
Group Chief Financial Officer

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	2024 EUR	2023 EUR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	15 281 397	15 496 837
Intangible assets	10	25 305 088	25 429 885
Non-current financial assets		177 606	149 701
TOTAL		40 764 091	41 076 423
CURRENT ASSETS			
Inventories	14	5 467 664	4 982 225
Trade receivables	15	2 102 421	2 441 307
Prepayments and other receivables	16	944 476	1 024 541
Cash	17	1 157 672	1 248 142
TOTAL		9 672 233	9 696 215
TOTAL ASSETS		50 436 324	50 772 638
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	18	6 086 215	6 086 215
Share premium	18	11 156 085	11 156 085
Retained earnings		(2 536 806)	(2 805 420)
Profit for the year		1 505 602	268 614
TOTAL Equity attributable to equity holders of the parent		16 211 096	14 705 494
NON-CURRENT LIABILITIES			
Trade payables non-current	22	147 153	–
Interest-bearing loans and borrowings	19	9 032 060	11 145 309
Issued bonds	24	–	5 000 000
Loan from shareholders	19	4 786 183	4 581 211
Other non-current financial liabilities	20	1 119 392	1 694 434
Deferred income		487 690	958 950
Deferred tax	9	273 714	281 621
Provisions	21	49 460	38 678
TOTAL		15 895 652	23 700 203
CURRENT LIABILITIES			
Trade payables current	22	4 805 831	4 787 716
Interest-bearing loans and borrowings	19	2 762 875	2 887 700
Issued bonds	24	5 000 000	–
Other current financial liabilities	20	971 115	875 775
Deferred income		485 561	603 652
Income tax payable		205 980	27 641
Other current liabilities	23	4 098 214	3 184 457
TOTAL		18 329 576	12 366 941
TOTAL LIABILITIES		34 225 228	36 067 144
TOTAL EQUITY AND LIABILITIES		50 436 324	50 772 638

The accompanying notes form an integral part of these financial statements.

Viktorija Meikšāne
Member of the Board

Anda Priedīte
Group Chief Financial Officer

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CONSOLIDATED STATEMENTS OF CASH FLOW

	Notes	2024 EUR	2023 EUR
OPERATING ACTIVITIES			
Profit / (loss) before tax		1 408 812	535 903
Adjustments to reconcile profit before tax to net cash flows:			
o depreciation and impairment of property, plant and equipment	12	4 664 361	4 863 056
o amortization and impairment of intangible assets	10	281 793	195 391
o net foreign exchange differences	8	3 226	4 319
o (gain) loss from disposal of property, plant and equipment		(89 877)	10 272
o finance costs	8	1 927 572	1 996 287
o movement in other provisions		10 782	(1 676)
Working capital adjustments:			
o decrease (increase) in trade and other receivables and prepayments		391 046	124 555
o decrease (increase) in inventories		(485 439)	40 526
o (decrease) increase in trade payables and other liabilities		(368 878)	218 646
		7 743 398	7 987 279
Interest paid		(1 570 275)	(1 750 474)
CIT paid		(17 138)	(68 555)
NET CASH FLOWS FROM OPERATING ACTIVITIES		6 155 985	6 159 250
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		98 675	80 621
Purchase of property, equipment and intangible assets, net	10, 12	(2 998 713)	(3 387 679)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2 900 038)	(3 307 058)
FINANCING ACTIVITIES			
Loan issued to refinance bonds		–	3 000 000
Bonds repaid		–	(3 000 000)
Repayment of lease liabilities		(1 196 769)	(1 120 327)
Government support: repayment of tax loan)		–	(1 541 090)
Used/ repaid overdraft		(313 984)	313 984
Proceeds from borrowings		618 266	1 072 641
Repayment of borrowings		(2 450 704)	(2 050 176)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3 343 191)	(3 324 968)
Net effect on foreign exchange rate changes		(3 226)	(4 319)
Net decrease in cash		(90 470)	(477 095)
Cash at the beginning of the year		1 248 142	1 725 237
CASH AT THE END OF THE YEAR		1 157 672	1 248 142

The accompanying notes form an integral part of these financial statements.

Viktorija Meikšāne
Member of the Board

Anda Priedīte
Group Chief Financial Officer

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the parent

	Issued capital	Share premium	Retained earnings	Total
BALANCE AS AT 31 DECEMBER 2022	6 086 215	11 156 085	(2 805 420)	14 436 880
Profit for the reporting period	-	-	268 614	268 614
Total comprehensive income	-	-	268 614	268 614
BALANCE AS AT 31 DECEMBER 2023	6 086 215	11 156 085	(2 536 806)	14 705 494
Profit for the reporting period	-	-	1 505 602	1 505 602
Total comprehensive income	-	-	1 505 602	1 505 602
BALANCE AS AT 31 DECEMBER 2024	6 086 215	11 156 085	(1 031 204)	16 211 096

The accompanying notes form an integral part of these financial statements.

Viktorija Meikšāne
Member of the Board

Anda Priedīte
Group Chief Financial Officer

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

SIA Coffee Address Holding (hereinafter – the Company or the parent) was registered with the Republic of Latvia Enterprise Register on 2 February 2017. The registered office of the Company is at Jaunmoku iela 34, Riga.

Shareholders of the Company is BaltCap Private Equity Fund II SCSp, registered in Luxembourg, registration No. B184094, and BaltCap Private Equity Fund II Co-Investment SCSp, registered in Luxembourg, registration No. B206629.

The consolidated financial statements of SIA Coffee Address

Holding (and its subsidiaries, collectively, The Group) for the year ended 31 December 2024 were approved by the management board and authorized for issue in accordance with a resolution of the Supervisory board on 25 April 2025.

The Group is principally engaged in renting and servicing of coffee machines, sale of related goods and provision of vending services. Information on the Group's structure is provided in Note 4 and summary of other related party transactions are disclosed in Note 25.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as adopted by the European Union.

The consolidated financial statements are prepared on a historical cost basis. Consolidated financial statements are prepared in functional currency which is the euro (EUR) and all values are rounded to the nearest EUR, except when otherwise

indicated. The financial statements cover the period of 1 January 2024 to 31 December 2024.

The consolidated statement of comprehensive income has been presented according to the nature of expenses. The consolidated statement of cash flows has been prepared under the indirect method.

Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiaries as at 31 December 2024. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

The consolidated financial statements are prepared on the basis that the Group will continue as going concern. Group's net cash flows from operating activities is showing stable financial performance. Group's profit for the financial year ended 31 December 2024 are EUR 1 506 thousand EUR.

As at 31 December 2024 the Group's current liabilities exceed current assets by 8 657 thousand EUR. This includes a bonds of 5 000 thousand maturing on June 30, 2025, which is planned to be refinanced. Please see additional information in Note 26.

The Group management has reasonable expectations to cover the remaining liquidity gap by operating cashflows and use available overdraft if such need arises. The Group management has performed detailed cash flow forecast and monitoring them

on monthly bases. The Group's management believes that financial position remains stable and it is capable to continue its activities and keep healthy level of investments for at least one year period after the issue of these financial statements.

The shareholders have issued a letter of support to the Group, yet no such support has been currently requested as of issuance of these consolidated financial statements.

Therefore, the consolidated financial statements are prepared on the basis that the Group will continue as going concern.

Estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, including assessment of fair value of assets and liabilities acquired through business combination. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are goodwill, sales and repurchase agreement, post-employment benefit provisions. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future

developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The assumptions are disclosed:

- o Goodwill – Note 11;
- o Sales and repurchase agreement – Note 20;
- o Recoverability of deferred tax assets – Note 9;
- o Management judgement related to the term of the lease and discount rate – Note 2 IFRS 16 Leases;
- o As the Group controls dividend policies of the subsidiaries the Group does not recognize deferred tax liability in the respect of profits generated in Latvia and Estonia where in the accordance with the tax legislation Corporate income tax is paid only for distributed profits. There are no plans to request dividends from these subsidiaries in the foreseeable future.

New and amended IFRS accounting standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Accounting standard	Title
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised IFRS accounting standards adopted by the EU but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following amendments to IFRS accounting standards that have been issued by IASB and adopted by EU but are not yet effective:

Accounting standard	Title	Effective date
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

New and revised IFRS accounting standards in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) except for the following new accounting standards and amendments to the existing accounting standards, which were not adopted by the EU as of December 31, 2024 :

Accounting standard	Title	EU adoption status
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (IASB effective date: 1 January 2026)	Not yet adopted by EU
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (IASB effective date: 1 January 2026)	Not yet adopted by EU
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11 (IASB effective date: 1 January 2026)	Not yet adopted by EU
IFRS 18	Presentation and Disclosures in Financial Statements (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 19	Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Group do not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Group in future periods.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement would not significantly impact the financial statements, if applied as at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9.

Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

Fair value measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- o Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- o Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

- o Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets where fair values are disclosed, are summarized in the Note 27.

Revenue from Contracts with Customers

Sale of goods and service

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. Based on the Group's contractual terms, customer business practices and identified promised goods and services Group has identified separate performance obligations:

- o Sale of goods purchased (ingredients, drinks and snacks and etc.) – the Group recognizes revenues from sale of goods at point in time when goods are dispatched from the warehouse for delivery to customer and sales invoice is issued.
- o Sale of equipment purchased – the Group recognizes revenues from sale of equipment (coffee machines) are

recognized at point in time when equipment transferred to the customer. The Group does not provide any warranties beyond legally required assurance-type warranties and thus does not have a separate performance obligation in respect of warranties for revenue recognition. Warranties are compensated by the suppliers of equipment.

- o Rent of equipment and maintenance service – the Group provides installation and maintenance services that are bundled together with the rent of equipment to a customer. The Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, therefore, income is recognized over the period on a straight-line basis in the statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (continued)

- o Standing vending machines – the Group recognizes revenues from sale of goods in vending machines at point in time when goods are transferred to the customer.

Group's revenues are recognized based on identified performance obligations at the pre-agreed fixed price and discounts, if any, for the goods delivered or services provided. For some of the customers price of coffee beans includes price for two performance obligations: coffee beans and rent and maintenance services. In such cases allocation of transaction price to each performance obligation identified in the contract is done on a relative stand-alone selling price basis using proportion of stand-alone selling price of coffee beans sales and sales of rent and maintenance services sold separately for similar customer in similar circumstances.

To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, an entity shall determine the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocate the transaction price in proportion to those stand-alone selling prices.

Returns of refunds are not very common and due to specifics of products sold or services provided are applied only in very exceptional cases.

The Group had no liabilities for returns and refunds accounted as at 31 December 2024 and 31 December 2023 as the amounts considered as insignificant.

Sale and repurchase agreements

In a sale and repurchase agreement for an asset other than a financial asset, the terms of the agreement need to be analyzed to ascertain whether, in substance, the seller has transferred the control of the products to the buyer and hence revenue is recognized.

When the seller has retained control of asset the transaction is a financing arrangement (e.g. a lease arrangement) and revenues are recognized over time. Typically repurchase agreement term is 5 years but can be agreed on longer term when customer decided if buy-back option will be exercised.

Significant financing component

Generally, the Group receives short-term advances from its customers (from contracts with customers). Using the practical expedient in IFRS 15, the Group does adjust the promised amount of consideration for the effects of a significant financing component.

Each advanced payment received is evaluated on case by case basis for materiality, for the purpose it was made and who has the discretion right of the use.

If analysis performed shows that the advance received contains a significant component of financing, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration. The Group had no such assets as at 31 December 2024 and 31 December 2023.

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Such receivables are recognized in the Group's statement of financial position as trade receivables. Trade receivables are measured at the transaction price determined under IFRS 15 and standard due term is 14-30 days after the fulfillment of performance obligation.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. Such contract liabilities are recognized in the Group's statement of financial position as prepayments for services (included with the Other current liabilities position in the statement of financial position).

Deferred sales commissions expenses

The Group pays sales commissions to its sales managers for the contracts signed with new customers. Sales commissions are recognized as personnel expenses in the profit or loss during the period of average contract length with new customer. Long-term part of sales commissions is recognized under Other non-current assets account and short-term part is recognized under Prepayments and other receivables account in balance sheet statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Financial liabilities are classified as follows:

- a) financial liabilities measured at amortized cost, and
- b) financial liabilities at fair value through profit or loss.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met and assets are not classified as financial assets at fair value through profit or loss:

- a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

These assets are recognized initially at fair value plus transaction costs that are directly attributable to their acquisition. Assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is decreased by an impairment loss. Foreign exchange revaluation, impairment and interest income are recognized in the statement of profit or loss. Any gains or losses on derecognition of financial assets are taken to the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost if they are not held for trading and are not designated upon initial recognition as held for trading. These financial liabilities are recognized initially at fair value net of directly attributable transaction costs. These financial liabilities are subsequently measured at amortized cost using the effective interest method.

Initial recognition of financial assets

Financial assets are classified as measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Financial assets are measured at amortized cost if both of the following conditions are met:

- (1) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- o the rights to receive cash flows from the asset have expired or
- o the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, it is also recognized an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Allowance for expected credit losses

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the expected cash flows, discounted at an original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Initial recognition of liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Trade receivables from contracts with customers

Trade receivables without a significant financing component are measured at the transaction price determined under IFRS 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Corporate income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- o When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- o In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- o When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- o In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the

reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Taxation in Latvia

Corporate income tax is calculated according to the Corporate Income Tax Law of the Republic of Latvia, which has been in force as of 1 January 2018. Legal entities have not been required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia.

Corporate income tax is paid on distributed profits and deemed profit distributions. Both distributed profits and deemed profit distributions are subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

Taxation in Estonia

According to the current Corporate income tax law, profit that is distributed as dividends is applied the tax rate of 20/80 of the sum paid out as net dividends. The company income tax calculated on dividends is reported as income tax cost in the income statement of the period the dividends are declared regardless for which period they are declared or when the dividends will be paid out. Income tax liability and cost calculated on dividends that have not been paid out as at the balance sheet date are adjusted in accordance with the current income tax.

As a Parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries in Latvia and Estonia using tax rate applicable to distributed profits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Corporate income tax (continued)

Taxation in Lithuania

Income tax expenses consist of the current year tax on profit and deferred tax expenses. The tax currently payable is based on taxable profit for the year. Taxable profit for the year differs from net profit as reported in the statement of profit and (loss) because it adjusted by non-deductible (non-taxable) expenses (income). The Company's liability for current tax is calculated using tax rates applicable at the balance sheet date, which on reporting period and previous period was 15%. Tax losses, if incurred, can be carried forward for an indefinite period.

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences that will subsequently increase the taxable profit and deferred tax assets are recognized only to the part that it is likely to reduce taxable profits in the future.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- o When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- o When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Useful economic life of customer contracts corresponds to their contractual terms, and of other intangible assets – 3 to 5 years. The amortization period and the straight-line bases amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Property, plant and equipment

Property, plant and equipment are measured at using cost model whereby, after initial recognition the assets was carried at cost less accumulated depreciation and accumulated impairment loss. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are

equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

In 2024, the Group revised the depreciation period for certain machinery assets to better reflect their expected useful lives. The actual useful lives of assets were calculated, and the depreciation period was changed prospectively. As a result, the depreciation costs for the reporting period were decreased by 250 thousand EUR compared to what they would have been if the depreciation rates had remained unchanged.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows: Expected useful lives of assets by group are the following:

Property, plant and equipment groups	Expected useful lives (years)
Equipment and machinery	5–10
Office and warehouse equipment	3–5
IT Hardware	3–5

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Group depreciates separately some parts of property, plant and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted on a first-in, first-out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is disclosed at the purchase (production) cost less allowances made.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as:

- Financial liabilities measured at amortized cost, or
- Financial liabilities at fair value through profit or loss.

Financial liabilities are measured at amortized costs if they are not held for trading and are not designated upon initial recognition as held for trading. These financial liabilities are recognized initially at fair value net of directly attributable transaction costs. These financial liabilities are subsequently measured at amortized costs using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.

Shareholders loan

Shareholders loan is treated as a financial liability as it does include contractual obligation to deliver cash and it cannot be settled in the own equity instruments. It does not have an equity component. As shareholders loan is a financial liability, it is treated in the same way as other loans and borrowings.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest (EIR) method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- o Goodwill and intangible assets with indefinite lives Note 11.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is disclosed at the purchase (production) cost less allowances made.

IFRS 16: Leases

IFRS 16 provides that in general, all leases and the associated contractual rights and duties must be reflected in the lessee's balance sheet, unless the term does not exceed 12 months or it constitutes a low-value asset. As for leases, the lessee recognizes a liability for lease obligations incurred in the future.

Correspondingly, a right to use the leased asset is capitalized, which in principle is equivalent to the present value of the future lease payments plus directly attributable costs and is amortized over the useful life.

A lease liability is first measured as the present value of all future lease payments to be made under the agreement, discounted at the interest rate implicit in the lease (or at a similar borrowing rate). The lease liability is recognized just like any other liability. The right-of-use asset is recognized under property, plant and equipment. The right-of-use asset is depreciated and tested for

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of four years.

A long-term growth rate is calculated and applied to project future cash flows after the fourth year. Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the nature of the impaired asset.

impairment like any other non-current asset owned by the entity. Interest costs arising from discounting are recognized for the lease liability.

The Group's lease portfolio:

Real estate leases

The Group's real estate leases include buildings for its offices and warehouses. The lease terms and the remaining lease terms at the date of initial application, vary. The lease for buildings typically run for period of 5 years. Some leases include an option to renew the lease for an additional period or cancel before the end of contract term.

The Group estimated the fair value of right-of-use assets using the discount rate which equals the interest rate on financial lease liabilities (2024: 3,6% – 3,75% + Euribor 3M; 2023: 3,75% – 4,25% + Euribor 3M).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 16: Leases (continued)

Leases of vehicles

The Group leases vehicles that it uses mainly to visit customers to provide maintenance services. Vehicle with lease terms of 3 to 5 years.

The Group estimated the fair value of right-of-use assets using the discount rate which equals the interest rate on financial lease liabilities (2024: 3,6% – 3,75% + Euribor 3M; 2023: 3,75% – 4,25% + Euribor 3M).

Leases of IT equipment

The Group leases IT equipment such as computers, printing and photocopying machines with contract terms of 1 to 3 years. The leases are short term and/ or leases of low value items. The Group has elected not to recognize right of use assets for these leases.

Cash

Cash comprises cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash in vending machines

Cash in vending machines is cash, which is in the cash tubes and should stay within vending machines as exchange money.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.

Provisions

Actuarial assumptions used in measurement

The overall actuarial assumptions used are unbiased and mutually compatible and represent the best estimate of the variables determining the ultimate post-employment benefit cost.

- o Financial assumptions (discount rate, expected growth rate of salaries etc.) are based on market expectations at the end of reporting period;
- o Mortality assumptions are determined by reference to the best estimate of mortality;
- o Employee turnover is determined based on the best estimate of employee turnover.

Subsequent events

Post-year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements.

Vending machine space rent

The Group leases space for vending machines. The leases are short term and/ or leases of low value items. The Group has elected no to recognize right of use assets for these leases.

Few of the Group's lease contract don't have lease term, these agreements Group has evaluated separately. Therefore, Group has applied individual judgment to determine an appropriate leases term. Based on general plans of the business Group determined that these agreements will be terminated within 5 years.

This cash is collected only if the vending machine is removed. Therefore, the cash is restricted for use and is not recognized under cash or cash equivalents, but under Prepayments and other receivables.

All other borrowing costs are expenditure in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or apply for additional investment in capital. The Group monitors capital using an equity-to-assets ratio, which is total equity divided by total assets. The Group includes within equity subordinate loan from shareholders.

	31.12.2024	31.12.2023
TOTAL ASSETS	50 436 324	50 772 638
Subordinate shareholder's loan	4 786 183	4 581 211
Equity	16 211 096	14 705 494
TOTAL CAPITAL	20 997 279	19 286 705
EQUITY RATIO	42%	38%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches

of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024.

4. GROUP INFORMATION

The holding company of the Group is Coffee Address Holding SIA which is based in Latvia. Its fully owned by BaltCap Private Equity Fund II SCSp and BaltCap Private Equity Fund II Co-Investment SCSp registered in Luxembourg.

Information on subsidiaries

The consolidated financial statements of the Group include:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% EQUITY INTEREST, 31.12.2024
COFFEE ADDRESS SIA	Rent of coffee machines, sale of related products, vending	Latvia	100%
COFFEE ADDRESS UAB	Rent of coffee machines, sale of related products, vending	Lithuania	100%
COFFEE ADDRESS OU	Rent of coffee machines, sale of related products, vending	Estonia	100%
PAYMENT SYSTEMS SIA	Payment systems	Latvia	100%

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

By type of revenue	2024	2023
Sale of ingredients	16 222 320	15 627 915
Sale of drinks and snacks	21 779 148	21 648 361
Rent of coffee machines and maintenance	4 225 070	3 706 646
Sale of equipment	1 990 054	3 207 240
TOTAL:	44 216 592	44 190 162

For better disclosure purposes, revenue from sales of other services was regrouped from “Sale of ingredients” to “Rent of coffee machines and maintenance”. For the year 2023 – EUR 565 thousand.

5.1. SEGMENT INFORMATION

Management has defined the Group’s reportable segments based on the monthly reporting regularly reviewed internally and presented to the shareholders. Reportable segments comprise the following geographical areas: Latvia, Lithuania and Estonia. This reporting are the basis for the strategic and operative decisions to allocate resources and for assessing performance. Data about segments’ revenue, gross profit and operating profit are included in the monthly management report. For the purposes of monitoring segment performance and allocating resources between segments of the group’s.

The Group monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. Other activities consist of head office and the Group functions, including centralized procurement, marketing, finance and Group management. Inter-segment revenues are eliminated upon consolidation.

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in Note 2.

2024	Lithuania	Latvia	Estonia	Group	Group sourcing functions	Elimination	Group Total
Revenue	23 849 889	14 136 365	6 230 338	44 216 592			44 216 592
Ingredients	8 902 800	3 908 006	3 411 514	16 222 320			16 222 320
Drinks and snacks	11 721 609	8 286 597	1 770 942	21 779 148			21 779 148
Rent and maintenance	2 126 842	1 113 836	984 392	4 225 070			4 225 070
Equipment	1 098 638	827 926	63 490	1 990 054			1 990 054
Materials and consumables	(12 304 469)	(7 732 850)	(3 121 920)	(23 159 239)			(23 159 239)
Gross Profit	11 545 420	6 403 515	3 108 418	21 057 353			21 057 353
Operating profit*	2 433 682	661 147	232 404	3 327 233	107 406	(95 028)	3 339 611
Finance income	–	–	–	–	1 657 643	(1 657 643)	–
Finance costs	(1 567 548)	(354 553)	(76 226)	(1 998 327)	(1 699 883)	1 767 411	(1 930 799)
Income tax expenses	97 933	(976)	–	96 957	(167)	–	96 790
Net income	964 067	305 618	156 178	1 425 863	64 999	14 740	1 505 602
ASSETS	26 382 257	15 063 135	7 729 213	49 174 605	1 261 719	–	50 436 324
LIABILITIES	8 208 427	4 138 430	822 829	13 169 686	21 055 542	–	34 225 228

*Operating profit is gross profit minus operating costs and minus depreciation. Please see statement of comprehensive income.

The Group has no customers with total sales exceeding 10% of the Group’s revenue.

5.1. SEGMENT INFORMATION (CONTINUED)

2023	Lithuania	Latvia	Estonia	Group	Group sourcing functions	Elimination	Group Total
Revenue	23 214 740	14 001 452	6 973 970	44 190 162			44 190 162
<i>Ingredients</i>	8 218 296	3 762 575	3 647 044	15 627 915			15 627 915
<i>Drinks and snacks</i>	11 522 526	8 377 683	1 748 151	21 648 360			21 648 360
<i>Rent and maintenance</i>	1 705 683	959 213	1 041 750	3 706 646			3 706 646
<i>Equipment</i>	1 768 235	901 981	537 025	3 207 241			3 207 241
Materials and consumables	(12 428 454)	(7 848 036)	(3 525 233)	(23 801 723)			(23 801 723)
Gross Profit	10 786 286	6 153 416	3 448 737	20 388 439			20 388 439
Operating profit*	1 803 445	232 025	636 276	2 671 746	(150 915)	15 678	2 536 509
Finance income	-	-	-	-	2 149 949	(2 149 949)	-
Finance costs	(1 951 270)	(542 548)	(109 850)	(2 603 668)	(1 742 690)	2 345 752	(2 000 606)
Income tax expenses	(259 917)	(3 106)	-	(263 023)	(4 266)	-	(267 289)
Net income	(407 742)	(313 629)	526 426	(194 945)	252 078	211 481	268 614
ASSETS	26 605 896	15 297 175	8 014 500	49 917 571	855 067	-	50 772 638
LIABILITIES	8 326 670	3 415 521	1 028 220	12 770 411	23 296 733	-	36 067 144

*Operating profit is gross profit minus operating costs and minus depreciation. Please see statement of comprehensive income.

The Group has no customers with total sales exceeding 10% of the Group's revenue.

By contract balance:	2024	2023
Trade receivables	2 102 421	2 441 307
Contract assets	-	-
Contract liabilities	-	-
TOTAL:	2 102 421	2 441 307

6. PERSONNEL COSTS

	2024	2023
Wages and salaries	8 277 500	7 986 924
Social security costs	1 069 971	1 050 367
Capitalized personnel costs ¹	(66 408)	(43 652)
Healthcare	126 991	56 550
Vacation reserve changes	(21 725)	(28 586)
Employee benefits	49 214	44 007
Other personnel expenses	20 700	28 259
TOTAL:	9 456 243	9 093 869

¹Capitalized payroll related to renovation works performed. Capitalized costs included in Property, Plant, and Equipment (PPE)

	31.12.2024	31.12.2023
Number of employees	299	301

7. OTHER OPERATING COSTS

	2024	2023
Transportation and logistics	1 343 595	1 372 167
IT services and communication	518 119	571 056
Office costs	387 933	415 856
Marketing and representation	182 243	183 290
Travel and representation	56 799	56 005
Bad debtors	25 772	13 812
Annual audit fee ²	75 640	73 800
Other professional services	186 727	172 771
Other costs ¹	628 394	830 584
TOTAL:	3 405 222	3 689 341

¹ Other costs related to legal and other consulting services, insurance, training and other administrative services.

² Annual audit fees paid to Deloitte network companies for audit services provided in 2024 amounted to EUR 59 thousand.

8. FINANCE COSTS

	2024	2023
Interest on debts and borrowings	1 610 983	1 712 023
Foreign exchange loss	3 226	4 319
Interest expenses on lease liability	97 372	61 781
Interest on subordinate shareholder loan	204 972	203 917
Other finance costs	21 575	21 952
TOTAL:	1 938 128	2 003 992

9. CURRENT AND DEFERRED CORPORATE INCOME TAX

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024	2023
Current corporate income tax charge for the reporting year	88 883	(20 916)
Deferred corporate income tax due to changes in temporary differences	7 907	(246 373)
CORPORATE INCOME TAX CHARGED TO THE STATEMENT OF PROFIT OR LOSS:	96 790	(267 289)

According to laws in effect, the Tax Authorities may at any time during 3 successive years (5 years in certain cases) after the end of the reporting tax year carry out an inspection of the accounting records and impose additional taxes and penalties.

9. CURRENT AND DEFERRED CORPORATE INCOME TAX (CONTINUED)

	2024	2023
ACCOUNTING PROFIT BEFORE INCOME TAX	1 408 812	535 903
Income tax at statutory rate, 20%	(281 763)	(107 181)
Profit to be taxed on profit distribution	279 359	157 434
Income tax correction for the previous periods	90 026	42 205
Loss of subsidiaries for which no tax loss carryforward is recognised	–	(62 348)
Non deductible expenses and other permanent differences	(16 299)	(28 102)
Permanent difference on Interest expenses	(60 474)	(226 378)
Other	85 941	(42 919)
AT THE EFFECTIVE INCOME TAX RATE	96 790	(267 289)

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	31.12.2024	31.12.2023	2024	2023
DEFERRED TAX ASSETS:				
Other accrued expenses	153 799	137 774	16 025	(13 267)
Vacation reserve	37 514	31 596	5 919	(1 687)
Different recognition of sale of fixed assets	133 695	100 909	32 786	64 339
Tax loss carry forward	–	–	–	(62 773)
Investment incentive	208 813	–	208 813	–
Impairment allowance for trade debtors	816	898	(81)	59
Convertible loan	–	–	–	(72 160)
Other components	9 507	6 742	2 763	174
ASSETS OF THE DEFERRED TAX, TOTAL	544 144	277 919	266 225	(85 315)
DEFERRED TAX LIABILITY				
Goodwill	(564 979)	(395 375)	(169 605)	(91 221)
Depreciation of fixed assets	(252 879)	(164 165)	(88 713)	(69 837)
DEFERRED TAX LIABILITY, TOTAL	(817 858)	(559 540)	(258 318)	(161 058)
DEFERRED TAX, NET	(273 714)	(281 621)	7 907	(246 373)

Corporate income tax in the Group is recognized proportionally to the period when the Group had control over the subsidiaries.

Deferred tax is recognized only for operations in Lithuania due to fact that in Estonia and Latvia the corporate income tax is paid only when dividends are paid, and it is not planned to distribute profits following years.

10. INTANGIBLE ASSETS

	Goodwill	Customer agreements	Other intangible assets	TOTAL
ACQUISITION COST				
1 January 2023	24 627 319	893 731	1 284 488	26 805 538
Additions	–	–	395 059	395 059
31 December 2023	24 627 319	893 731	1 679 547	27 200 597
Additions	–	–	157 030	157 030
Disposals and write-offs	–	(893 731)	(66 122)	(959 853)
31 December 2024	24 627 319	–	1 770 455	26 397 774
ACCUMULATED AMORTISATION				
1 January 2023	–	(893 731)	(624 057)	(1 517 788)
Amortisation	–	–	(252 924)	(252 924)
31 December 2023	–	(893 731)	(876 981)	(1 770 712)
Amortisation	–	–	(281 793)	(281 793)
Disposals and write-offs	–	893 731	66 088	959 819
31 December 2024	–	–	(1 092 686)	(1 092 686)
NET BOOK VALUE				
31 December 2023	24 627 319	–	802 566	25 429 885
31 December 2024	24 627 319	–	677 769	25 305 088

11. GOODWILL

For impairment testing goodwill acquired through business combinations is allocated to each company acquired. Carrying amount of goodwill allocated to each company is (EUR):

	31.12.2024	31.12.2023
Coffee Address SIA	7 548 373	7 548 373
Coffee Address UAB	13 596 258	13 596 258
Coffee Address OU	3 482 688	3 482 688
TOTAL:	24 627 319	24 627 319

The Group performed its annual impairment test in December 2024 and December 2023. The recoverable amount of all CGUs has been determined based on a value in use calculation using individual cash flow projections derived from the approved 2025 budget and long – term projections prepared by management. . The pre-tax discount rate applied to cash flow projections is 12.5% (2023: 13,5%) and cash flows beyond the four-year period are extrapolated using a 2% growth rate.

As a result of the analysis, management did not identify an impairment for any of Cash Generating Unit (hereinafter – CGU).

11. GOODWILL (CONTINUED)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for all CGUs is most sensitive to the following assumptions – sales growth, gross margins, discount rates.

Sales growth – overall sales growth is estimated based on historical growth rates and rollout of food solutions concepts.

By 5.1% lower sales than budgeted for the next and all following years would result in impairment for Coffee Address SIA goodwill.

By 14.1% lower sales than budgeted for the next and all following years would result in impairment for Coffee Address UAB goodwill.

By 11.6% lower sales than budgeted for the next and all following years would result in impairment for Coffee Address OU goodwill.

Gross margins – Gross margins are based on average historical gross margin values and trends in raw material price dynamics.

A decrease in the gross margin by ~2% for the next and all following years would result in impairment for Coffee Address SIA goodwill.

A decrease in the gross margin by ~7% for the next and all following years would result in impairment for Coffee Address UAB goodwill.

A decrease in the gross margin by ~6% for the next and all following years would result in impairment for Coffee Address OU goodwill.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation considers the specific circumstances of the Group and its businesses using the weighted average cost of capital (WACC). The weighted average cost of capital considers both debt and equity.

A rise in the pre-tax discount rate to 15.2% (i.e., +2.7%) would result in impairment for Coffee Address SIA goodwill.

A rise in the pre-tax discount rate to 21.0% (i.e., +8.5%) would result in impairment for Coffee Address UAB goodwill.

A rise in the pre-tax discount rate to 20.2% (i.e., +7.7%) would result in impairment for Coffee Address OU goodwill.

12. PROPERTY, PLANT AND EQUIPMENT

	Equipment and machinery	Machinery (buy-back)	Right-of -use assets - vehicles	Right-of -use assets - premises	TOTAL
ACQUISITION COST					
1 January 2023	34 410 219	4 184 119	2 002 578	1 848 875	42 445 791
Purchases	3 273 409	55 639	637 320	125 925	4 092 293
Reclass	110 285	(110 285)	–	–	–
Sales and write-offs	(1 429 526)	(911 377)	(284 567)	(703)	(2 626 173)
31 December 2023	36 364 387	3 218 096	2 355 331	1 974 097	43 911 911
Purchases	4 024 191	–	250 520	322 144	4 596 855
Sales and write-offs	(1 266 560)	(106 741)	(218 113)	–	(1 591 414)
31 December 2024	39 122 018	3 111 355	2 387 738	2 296 241	46 917 352
ACCUMULATED DEPRECIATION					
1 January 2023	(22 349 741)	(1 961 091)	(835 158)	(892 941)	(26 038 931)
Depreciation	(3 258 292)	(619 741)	(483 772)	(443 719)	(4 805 524)
Reclass	(47 166)	47 166	–	–	–
Sales and write-offs	1 289 661	852 962	286 054	703	2 429 380
31 December 2023	(24 365 538)	(1 680 704)	(1 032 876)	(1 335 957)	(28 415 075)
Depreciation	(3 046 587)	(580 986)	(545 986)	(490 802)	(4 664 361)
Sales and write-offs	1 120 973	106 734	215 774	–	1 443 481
31 December 2024	(26 291 152)	(2 154 956)	(1 363 088)	(1 826 759)	(31 635 955)
NET BOOK VALUE					
31 December 2023	11 998 849	1 537 392	1 322 455	638 140	15 496 836
31 December 2024	12 830 866	956 399	1 024 650	469 482	15 281 397

There are equipment items that are fully depreciated but are still in use and their acquisition value is EUR 12 944 thousand as at 31 December 2024 (EUR 12 660 thousand as at 2023).

During 2019–2022, the Group sold coffee machines to the major client with an obligation to sell the property back the future. Once signing a contract for the sale and purchase of coffee machines, the Group did not recognize income and cost of machines sale immediately, because according to the economic meaning of the transaction, the Group retains the risk related to property ownership. Since 2023 there were no new sales with a possibility to sell the property back to the Company in the future.

Refer to Note 19 on information about pledges on assets.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets and other liabilities for rights to use assets are shown as follows in the consolidated financial position and statement of comprehensive income:

ASSETS	31.12.2024	31.12.2023
NON-CURRENT ASSETS		
Right-of-use assets (premises)	469 484	638 141
Right-of-use assets (vehicles)	1 024 649	1 322 455
TOTAL:	1 494 133	1 960 596
EQUITY AND LIABILITIES	31.12.2024	31.12.2023
Non-current liabilities (Lease liabilities for right-of-use assets)	761 684	1 153 911
Current liabilities (Lease liabilities for right-of-use assets)	807 527	875 775
TOTAL:	1 569 211	2 029 686
LEASES IN THE STATEMENT OF COMPREHENSIVE INCOME	2024	2023
FINANCIAL COSTS		
Finance costs for right-of-use assets (premises)	37 302	21 870
Finance costs for right-of-use assets (vehicles)	60 630	70 184
DEPRECIATION		
Depreciation for right-of-use assets (premises)	490 802	443 718
Depreciation for right-of-use assets (vehicles)	545 986	483 773
TOTAL:	1 134 720	1 019 545

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the period:

	2024	2023
As at 1 January	2 029 686	2 154 464
Additions	565 462	763 245
Extended agreements	170 704	52 878
Interests	97 932	92 054
Payments	(1 294 573)	(1 032 955)
As at 31 December:	1 569 211	2 029 686

14. INVENTORIES

	31.12.2024	31.12.2023
Goods for sale	3 883 287	2 976 155
Equipment inventory	535 480	918 111
Spare parts	1 184 351	1 191 147
Allowances for obsolete inventories	(135 454)	(103 188)
TOTAL:	5 467 664	4 982 225

15. TRADE AND OTHER RECEIVABLES

	31.12.2024	31.12.2023
Trade receivables	2 127 104	2 455 727
Allowances for doubtful receivables	(24 683)	(14 420)
TOTAL:	2 102 421	2 441 307

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days.

Trade receivables	TOTAL	Not past due	>30	31-60	61-90	>90
Balance as at 31 December 2024	2 127 104	1 886 990	182 947	17 950	20 290	18 927

Allowance movements for expected credit losses

Allowances for doubtful receivables as at 31 December 2023	14 420
Receivables write off	(5 897)
Additional allowance	16 160
Allowances for doubtful receivables as at 31 December 2024	24 683

16. PREPAYMENTS AND OTHER RECEIVABLES

	31.12.2024	31.12.2023
Deposits	220 250	242 032
Accrued income	152 436	107 673
Prepaid expenses	234 230	339 219
Cash in vending machines	168 607	190 395
Advances to suppliers	41 812	39 087
Other receivables	127 141	106 135
TOTAL:	944 476	1 024 541

Deposits mainly consists for advance payments made to suppliers in relation to rent of premises for offices and warehouses and vending locations. The long-term portion of deposits, amounting to EUR 131 703 (2023: EUR 111 887), is disclosed under non-current financial assets.

Accrued income is related to accrued discounts from suppliers for purchased quantities of goods for which invoices are expected to be received as according to the agreements with suppliers.

17. CASH

	31.12.2024	31.12.2023
Cash at bank	285 763	411 500
Cash on hand	58 171	37 813
Cash in transit	813 738	798 829
TOTAL:	1 157 672	1 248 142

Cash at banks does not earn interest. For the purpose of the statement of cash flows, cash comprises cash at bank, in transit and on hands.

Cash in transit consists of money, that are receivable for card payments at vending machines and cash, that were collected from vending machines, but have not yet reached bank accounts.

No estimated credit losses have been recognized for cash and cash equivalents as estimated credit losses considered to be clearly immaterial taking into account nature of banking relationship and assessment of creditworthiness of financial institutions.

18. ISSUED CAPITAL

The share capital of the Parent company is EUR 6 086 215 (2023: EUR 6 086 215) and consists of 6 086 215 shares (2023: 6 086 215). The value of each share is EUR 1. A share premium is provided for the new emission Shares. Total Share premium is EUR 11 156 085. All the shares and share premium are fully paid.

	31.12.2024	31.12.2023
Ordinary shares issued and fully paid	6 086 215	6 086 215
Share premium	11 156 085	11 156 085
TOTAL:	17 242 300	17 242 300

19. INTEREST-BEARING LOANS AND BORROWINGS EXCLUDING BONDS

NON-CURRENT INTEREST-BEARING LOANS AND BORROWINGS	Interest rate, %	Maturity	31.12.2024	31.12.2023
Obligation under finance leases	1.4% – 4% + 3m-12m Euribor	3 years	688 293	350 838
Bank loan	3.6% + 3m Euribor	29.05.2026	8 343 766	10 794 471
Shareholder loan	8%	31.12.2027	4 786 183	4 581 211
TOTAL NON-CURRENT PART OF LONG TERM INTEREST-BEARING LOANS AND BORROWINGS			13 818 242	15 726 520
CURRENT INTEREST-BEARING LOANS AND BORROWINGS				
Obligations under finance leases	1.4% – 4% + 3m-12m Euribor	3 years	312 171	123 012
Bank loan	3.6% + 3m Euribor	29.05.2026	2 450 704	2 450 704
Overdraft	3.5% + 3m Euribor	29.05.2025	–	313 984
TOTAL CURRENT PART OF LONG TERM INTEREST-BEARING LOANS AND BORROWINGS			2 762 875	2 887 700
TOTAL INTEREST-BEARING LOANS AND BORROWINGS			16 581 117	18 614 220

Bank loan

Bank loan is secured with a pledge on shares and assets of Coffee Address SIA, Coffee Address UAB, Coffee Address OU and Coffee Address Holding SIA on the date of pledge as well as future components of the Group. A commercial pledge on the Groups' assets as an aggregate property at the time of pledging and shares including any future parts thereof, was registered in favor of the bank based Credit Agreements No. 2023003746 and Credit Line Agreement No. 2023003747, dated 29 May 2023, between SIA Coffee Address Holding and the bank.

During the reporting period, the bank interest rate was changed from 3.75% +3m Euribor to 3.6% +3m Euribor.

Bank loan balance includes principal amount of EUR 10 794 470.

Bank Overdraft

Coffee Address Holding SIA has an effective overdraft agreement with a limit of EUR 2 000 000, which remained unused at the end of the reporting period. The current agreement matures on 29 May 2026. The applicable interest rate is 3.5% + 3-month EURIBOR.

Bank loan and overdraft	31.12.2024	31.12.2023
Maturing in less than one year	2 450 704	2 764 688
Maturing between one and five years	8 343 766	10 794 471
TOTAL:	10 794 470	13 559 159

Finance lease agreements are concluded to finance purchase of coffee machines which are rented out to clients or placed in vending locations. Leasing is provided for 3 years term with various interest rates as per table above. Assets which are bought under finance lease agreements are pledged in favor of leasing provider.

Finance lease liabilities	31.12.2024	31.12.2023
Maturing in less than one year	312 171	123 012
Maturing between one and five years	688 293	350 838
TOTAL:	1 000 464	473 850

19. INTEREST-BEARING LOANS AND BORROWINGS EXCLUDING BONDS (CONTINUED)

Bank loan covenants

Under the terms of the secured bank loan the Group is required to comply with the following covenants at the end of each calendar quarter, at 31 March, 30 June, 30 September and 31 December.

Covenant	Limit	31.12.2024	31.12.2023
Equity ratio	Positive	Positive	Positive
Adjusted equity ratio	Not less than 30%.	42%	38%
DSCR	Not less than 1.5; starting from second quarter of 2024 not less than 1.4	1.57	1.55
Net debt/ EBITDA	Till third quarter of 2024 (including) not more than 3; starting from fourth quarter of 2024 not more than 2.5	2.15	2.61
Outstanding overdraft to NWC	Not more than 65%	0%	13%

The Group has no indication that it will have difficulties complying with these covenants.

20. OTHER FINANCIAL LIABILITIES

	31.12.2024	31.12.2023
NON- CURRENT FINANCIAL LIABILITIES		
Finance liability for coffee machines sales and repurchase transaction	357 708	540 523
Finance liability for rent of premises	150 410	275 798
Finance liability for car leasing	611 274	878 113
TOTAL NON-CURRENT FINANCIAL LIABILITIES	1 119 392	1 694 434
CURRENT FINANCIAL LIABILITIES		
Finance liability for coffee machines sales and repurchase transaction	163 587	–
Finance liability for rent of premises	335 322	387 442
Finance liability for car leasing	472 206	488 333
TOTAL CURRENT FINANCIAL LIABILITIES	971 115	875 775
TOTAL:	2 090 507	2 570 209

Finance liability for coffee machines sales and repurchase transaction

During 2016–2022, the Group sold coffee machines to the major client with an obligation to sell the property back to the Group in the future and these liabilities are counted under financial liabilities. Agreed buy-back term and together the end of finance transaction was set in the year 2020–2027 and discount rate used to calculate financing costs vary from 3.5% to 4.25% + 3–12 months EURIBOR.

Deferred income for coffee machines sales and repurchase

Once signing a buy-back contract for the sale and purchase of coffee machines, the Group does not recognize income and cost of coffee machines immediately, because according to the economic meaning of the transaction, the Group retains a significant part of the risk related to property ownership. Both income and cost of sales are deferred and recognized over the term of the contract. Payment from customer is received in the beginning of the buy-back agreement. Current portion of deferred income as of 31 December 2024 amounts to EUR 485 561 (31.12.2023: EUR 603 652), non-current portion EUR 487 690 (31.12.2023: EUR 958 950).

21. PROVISIONS

As at 31 December 2024 the pension accrual amounts to EUR 49 460 (2023: EUR 38 678). The following assumptions were taken into account while calculating the amount of the accrual: turnover of employees, life expectancy, future salary increases and discount rate.

Since the majority of the accrual is accounted for employees that already reached their pension age, the change in assumptions will not give material effect to the amount of provision and therefore detailed sensitivity analysis is not prepared.

22. TRADE PAYABLE

	31.12.2024	31.12.2023
Trade payables non-current	147 153	–
Trade payables current	4 805 831	4 787 716
TOTAL:	4 952 984	4 787 716

Trade payables are non-interest bearing and are normally settled on 30–60 day terms. For explanations of the Group's liquidity risk management processes, refer to Note 26.

Non-current payables relate to amounts due to suppliers, for which payment terms of 24 months have been agreed.

23. CURRENT LIABILITIES

	31.12.2024	31.12.2023
VAT payable	671 557	567 973
Vacation reserve	382 316	404 041
Accruals for discounts and marketing support	924 430	696 548
Social tax payable	201 540	195 410
Other accruals related to payroll	418 318	415 335
Prepayments from customers*	838 461	132 693
Other current liabilities	661 592	772 457
TOTAL:	4 098 214	3 184 457

*Prepayments from customers consist of amounts received from clients mainly for coffee machines. Prepayments from 2024 were settled in 2025.

24. BONDS

	Interest rate, %	Maturity	31.12.2024	31.12.2023
Issued bonds				
Registered bonds	9.00%	30.06.2025	5 000 000	5 000 000
Total Issued bonds:			5 000 000	5 000 000

Fair value

The group has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Fair value for issued bonds as on 31 December 2024 is as follows:

	Carrying amount, EUR	31.12.2024 Fair value, EUR	31.12.2023 Fair value, EUR
Debt securities – bonds	5 000 000	5 022 500 (Level 1)	4 902 500 (Level 1)

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

25. RELATED PARTY DISCLOSURES

Note 4 provides information about the Group's structure, including details of the subsidiaries and the holding company.

Loans from related parties	Interest expenses 2024	Amounts owed to related parties on 31.12.2024	Interest expenses 2023	Amounts owed to related parties on 31.12.2023
BaltCap Private Equity Fund II SCSp	123 516	3 139 272	122 692	3 015 756
BaltCap Private Equity Fund II Co-Investment SCSp	81 456	1 646 911	81 225	1 565 455

During financial year there was a payment to council member for travel cost compensation and remuneration of council activities in amount of EUR 42 321 (2023: EUR 40 501) which are recognized as part of other operating expenses.

26. RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, issued bonds, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is ensuring that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Management of each risk is summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group and the Parent Company are exposed to cash flow interest rate risk mainly in relation to borrowings with floating interest rates as the finance costs increase significantly with the interest rate growing. The Group is exposed to interest rate risk mainly through its current and non-current borrowings. The average interest rate payable on the Group's borrowings is disclosed in Note 19. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on mainly EURIBOR floating rate borrowings).

Interest rate sensitivity

Change in interest rate of leasing would not have substantial effect on the Groups consolidated financial statements. The following table shows the effect on sensitivity test for changes in interest rates:

Interest rate on interest bearing loans	Change in EURIBOR	Effect on profit before tax, EUR	Effect on equity, EUR
2024	0.50%	(60 457)	(60 457)
	-0.30%	36 274	36 274
2023	0.50%	(51 948)	(51 948)
	-0.30%	31 169	31 169

26. RISK MANAGEMENT (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). As amount of operations in foreign currency is insignificant, the Group's exposure to foreign currency changes is immaterial.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the continuous supply of coffee. To limit Group's exposure of commodity price risk in 2024 Group has entered into fixed price agreement with its main coffee supplier.

Commodity price sensitivity

The following table shows the effect on sensitivity test for changes in coffee prices:

Coffee	Change in average	Effect on profit before tax, EUR	Effect on equity, EUR
2024	15%	1 069 614	833 415
	-15%	(1 069 614)	(1 178 320)
2023	15%	946 085	687 597
	-15%	(946 085)	(1 035 772)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). The credit risk of receivables is controlled by the Group and the Group's parent company by regularly monitoring level of overdue debtors, sending reminders and setting individual credit limits for debtors. By summing the risk amounts of all receivables, the total credit risk of the receivable portfolio is determined.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables of 2 102 thousand EUR are regularly monitored. At 31 December 2024, the Group had 20 (23 as at 31 December 2023) customers that owed it more than €10,000 each and accounted for approximately 58% (64% as at 31 December 2023) of all the receivables outstanding. There were 5 (7 as at 31 December 2023) customers with balances greater than €50,000 accounting for just over 35% (50% as at 31 December 2023) of the total amounts receivable. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Liquidity risk

The Group monitors its risk of a shortage of funds by performing regular cash flow projections. The Group's objective is to balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases. As at 31 December 2024 the Group's current liabilities exceed current assets by 8 657 EUR thousand. This includes a bonds of 5 000 EUR thousand maturing on June 30, 2025, which will be refinanced. In April 2025, Coffee Address Holding SIA received an offer from a bank regarding the refinancing of these bonds. Excluding these bonds, the Group's current liabilities exceed its current assets by 3 657 EUR thousand.

The Group's management is planning to cover remaining liquidity gap by operating cashflows, utilizing overdraft of 2 000 thousand EUR which was unused both at the end of the reporting period and as of the date of this report. The Group's management believes that financial position remains stable and it is capable to continue its activities for at least one year period after the issue of these financial statements. On 11 April 2025 shareholders have issued a letter of support to the Group, no such support has been currently requested as of issuance of these consolidated financial statements.

26. RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	2024	2023
Current Ratio	0.53	0.78
Quick Ratio	0.18	0.30
Net debt	17 206 474	19 814 553

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular industry. As Group's counterparties are operating in different regions and different industries, the Group considers risk of excessive concentration as relatively low.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual payments excluding interest payments:

31.12.2024	Within one year	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	2 762 875	9 032 060	–	11 794 935
Issued bonds	5 000 000	–	–	5 000 000
Lease liabilities	873 200	803 082	–	1 676 282
Shareholder loan	–	4 786 183	–	4 786 183
Other financial liabilities	182 890	418 800	–	601 690
Trade and other payables	4 805 831	147 153	–	4 952 984
TOTAL:	13 624 796	15 187 278	–	28 812 074

31.12.2023	Within one year	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	2 887 700	11 145 309	–	14 033 009
Issued bonds	–	5 000 000	–	5 000 000
Lease liabilities	986 292	1 267 709	–	2 254 001
Shareholder loan	–	4 581 211	–	4 581 211
Other financial liabilities	3 069	601 492	–	604 561
Trade and other payables	4 787 716	–	–	4 787 716
TOTAL:	8 664 777	22 595 721	–	31 260 498

27. FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair values of the Groups' financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

As at 31 December 2024:

Financial liabilities	Carrying amount	Fair value
Registered bonds	5 000 000	5 022 500
Interest bearing loans and borrowings:		
Bank loan	10 794 470	10 794 470
Subordinate loan from shareholders	4 786 183	4 786 183
Finance liability for car leasing	1 083 480	1 083 480
Finance liability for rent of premises	485 732	485 732
TOTAL:	22 149 865	22 172 365

As at 31 December 2023:

Financial liabilities	Carrying amount	Fair value
Registered bonds	5 000 000	4 902 500
Interest bearing loans and borrowings:		
Bank loan	13 559 159	13 559 159
Subordinate loan from shareholders	4 581 211	4 581 211
Finance liability for car leasing	1 366 446	1 366 446
Finance liability for rent of premises	663 240	663 240
TOTAL:	25 170 056	25 072 556

Bonds are classified under Level 1 of fair value hierarchy but other financial liabilities correspond to Level 3 of fair value hierarchy.

The following methods and assumptions were used to estimate the fair value:

- the fair value of loans and borrowings is calculated by discounting the projected future cash flows using current interest rates, which is consistent with the Level 3 hierarchy measurement.

No material difference was identified between the carrying amount and the fair value.

28. EVENTS AFTER BALANCE SHEET DATE

In February 2025, Coffee Address Holding SIA issued a three-year bonds of 5 million with a fixed interest rate of 8.5%. On March 20, 2025, the bonds were listed on the First North market.

In March, Coffee Address Holding SIA has signed agreement to purchase 75% of shares in Romanian company Eur Comtur S.R.L.

On 11 April 2025, shareholders have issued a letter of support to the Group, no such support has been currently requested as of issuance of these consolidated financial statements.

In April 2025, Coffee Address Holding SIA received an offer from a bank to refinance EUR 5 million bonds maturing on 30 June 2025.

In April 2025, the Coffee Address Holding SIA signed amendments to its overdraft agreement, extending the available overdraft term until May 29, 2026.

There were no other significant subsequent events that could have a material impact on the financial statements.

Viktorija Meikšāne
Member of the Board

Anda Priedīte
Group Chief Financial Officer

Document has been signed electronically and contains a time stamp.