



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

## OFFERING MEMORANDUM

ISIN:	LV0000102432
Type of security:	Guaranteed Notes
Nominal:	EUR 1,000.00 (one thousand euro)
Nominal value of the issue:	EUR 5,000,000.00 (five million euro)
Annual Coupon Rate:	8.50 %
Maturity:	28 February 2028

*This Offering Memorandum (the “Offering Memorandum”) is not a prospectus for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “Prospectus Regulation”) and no competent authority of any Member State has examined or approved the contents thereof. This Offering Memorandum has been prepared on the basis that all offers of the debt securities are issued by the Issuer according to this Offering Memorandum and will be made pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Regulation.*

*The issue of the debt securities by the Issuer according to this Offering Memorandum (the “Notes”) is a private placement and there is no intention of the Issuer to list the Notes on a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended (“MiFID II”).*

*The Issuer is a company incorporated and existing under the laws of the Republic of Latvia and the applicable laws allow the Issuer to record the issue with the central securities depository of Latvia – Nasdaq CSD SE.*

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

*This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

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

*In accordance with Article 5f of Council Regulation (EU) No. 833/2014 of 31 July 2014 concerning restrictive measures*

*in view of Russia's actions destabilising the situation in Ukraine (as amended), it is prohibited to sell the Notes to any Russian national or natural person residing in Russia any legal person, entity or body established in Russia. This prohibition shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.*

*In accordance with Article 1y of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), it is prohibited to sell the Notes to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. This prohibition shall not apply to nationals of a Member State of the European Union or to natural persons having a temporary or permanent residence permit in a Member State of the European Union.*

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

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

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

*Any previous discussions or presentations provided to prospective investors were solely for information purposes and the Notes are issued in accordance with this Offering Memorandum. A prospective investor should not make an investment decision relying solely upon the information provided in the prospective investor in any presentation or otherwise.*

Arranger:



18 February 2025

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## **RISK FACTORS**

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

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

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

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

### **RISKS RELATED TO THE ECONOMIC AND REGULATORY ENVIRONMENT**

#### **Macroeconomic risk**

The Group's results of operations and financial performance are subject to changes in the general economic conditions of the markets in which it sells its products, in particular, Estonia, Latvia and Lithuania, which accounted for 16%, 32% and 53% respectively, of total consolidated revenue for the year ended 31 December 2023.

Changes in general economic conditions directly impact consumer confidence and consumer spending as well as the general business climate and levels of business investment, all of which affect the demand for the Group's products and services. Moreover, consumer confidence, consumer spending and/or general economic conditions may deteriorate significantly and remain depressed for extended periods of time. A negative development in general economic conditions or consumer confidence and consumer spending could have a negative effect on Group's results of operations, revenue and cash flows.

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

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

### **Global pandemic risk**

The global economy has been characterized by heightened uncertainty since the onset of the COVID-19 pandemic in March 2020. The widespread outbreak of COVID-19 led to unprecedented health measures and restrictions imposed by authorities globally, causing disruptions in the Group's operations. The Group acknowledges that these disruptions may persist or reoccur, potentially impacting its future operations. Government responses to the pandemic, including the immediate adoption of laws and regulations, provided a legal basis for implementing measures aimed at limiting contagion and mitigating the consequences of the pandemic. Throughout the pandemic, the Group faced challenges in human resources planning, and its financial performance suffered due to reduced economic activity and diminished demand for specific services. While the overall impact on the Group's operations has been limited, the potential for a new wave of the pandemic introduces uncertainty and may pose challenges to business operations and financial performance.

### **Geopolitical risk related to Russian invasion of Ukraine**

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

Although the Group's headquarters are located in Latvia, a NATO member, operating in close proximity to Russia and Belarus presents certain risks. The ongoing conflict in the region has raised concerns about the stability and security of the Baltic countries, where the Group operates. As of the date of this Offering Memorandum, the war has not had a direct material impact on the Group's operations or financial performance. However, the introduction of new sanctions, a potential economic downturn, or shifts in investor sentiment toward the Baltics could affect the Group's business results.

### **Changes in laws, regulations and enforcement activities may adversely affect the Group's products and services and the markets in which it operates**

The food and beverage industry is regulated by various European and national laws and regulations regarding food safety, hygiene, packaging, nutritional information, public tenders for vending machine placement on public premises, and broader public health and diet concerns. Additionally, the Group could be affected in the future by stricter requirements on energy consumption of its vending machines and the use of recyclable or biodegradable containers. These regulations vary across jurisdictions and may evolve, creating complex compliance obligations.

The Group's operations may also face expanding regulatory requirements concerning privacy, data protection, and environmental impact, especially as regulatory bodies continue to consider new areas such as sustainable packaging and energy-efficient equipment. Compliance with these laws and regulations may require additional investments in new vending machines and equipment, as well as enhanced training and monitoring procedures to meet diverse regional standards.

Failure to comply with these evolving requirements could result in fines, penalties, or other sanctions, potentially impacting the Group's reputation, financial condition, and operating results. Expanding regulations, such as those regarding energy efficiency or recyclable materials, may lead to increased operational costs, which the Group may not fully offset through product pricing adjustments, ultimately affecting financial performance.

### **The local tax regime may change**

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

## **RISKS RELATED TO THE GROUP'S BUSINESS AND THE INDUSTRY**

### **Dependency on key suppliers**

The Group relies on certain suppliers for core inputs, including coffee beans, machine components, and food products. Any significant disruption in these supplier relationships – due to supply chain breakdowns, price increases, or quality issues – could negatively impact the Group's ability to maintain consistent stock levels and quality in its machines. A lack of suitable alternative suppliers may exacerbate such challenges, leading to operational inefficiencies and revenue losses.

### **Risk of supply and logistics chain disruptions**

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

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

The Group's business operations rely on frequent restocking and maintenance of its machines at a multitude of locations. As a result, the Group is exposed to fluctuations in costs related to fuel and other transportation inputs – transportation costs corresponded to 16% of total operating expense as of 30 September 2024. In addition, the Group sources significant amounts of coffee for the operation of its coffee and vending machines. Supply and price of coffee beans can be affected by multiple factors, such as weather, pest damage, politics, competitive pressures and economics in the producing countries. The Group also procures food and beverage products from suppliers, the costs of which are indirectly linked to fluctuations in the prices of certain commodities such as cocoa, sugar and milk. There can be no assurance that the Group will be successful in passing on cost increases to clients or consumers without losses in vends, revenue or gross margin. As a consequence, sudden and significant changes in the prices of coffee and other commodities could have a material adverse effect on the Group's results of operations, liquidity and financial condition.

### **Risk of exchange rate fluctuations and new market currency exposure**

If the Group enters new markets where the currency differs from its primary revenue currency, it may be increasingly exposed to fluctuations in exchange rates. Additionally, any cross-border purchases for goods or equipment may impact the Group's cost structure. Significant exchange rate volatility could increase expenses for key materials or reduce profitability, particularly if expenses are denominated in a currency different from the Group's main revenue streams. Failure to effectively manage currency risk in such markets could negatively affect the Group's financial performance and operating results.

### **Risks related to consumer behaviour shifts**

Consumer preferences are increasingly shifting toward health-conscious and sustainable products. Should there be a significant rise in consumer demand for healthier or more eco-friendly products, the Group may need to adapt its offerings and vending formats to meet these expectations. Failure to align with evolving consumer preferences could reduce the appeal of the Group's products, negatively impacting sales, market share, and financial performance.

### **Increasing competition and new market entrants could adversely affect the Group's operations**

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

products or similar food and beverage product through other channels.

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

**The Group may not be able to implement its growth strategy within the expected timeframe**

The Group's growth strategy includes expanding its network of coffee and vending machines across key locations, enhancing its digital and operational infrastructure to improve service efficiency, and implementing targeted marketing to attract new customers while cross-selling to existing ones. If the Group fails to make or implement necessary expansions and system upgrades promptly while maintaining high service levels, it could face limitations in achieving growth targets. Furthermore, continued growth may require additional investments in facilities and personnel across key regions. If these expansions do not generate a proportionate increase in revenue to cover associated costs, operating margins and profitability could be adversely impacted, which may have a material effect on the Group's financial condition.

**Risks of technological disruption**

The Group may face competitive pressures from new technological developments in automated retail and vending solutions. Advances such as AI-driven smart vending machines, automated retail stores, or "grab-and-go" solutions could attract consumers away from traditional vending options. Adapting to such innovations may require further investments, and failure to keep pace with technological developments could impact the Group's market position and revenue generation.

**Risk of lagging in digital payment adaptation and security**

With the continued growth of digital and contactless payment methods, the Group may face risks if it is unable to upgrade vending machines to accept widely used payment options in a timely manner. Additionally, as the Group relies more on digital transactions, it is exposed to risks related to data security and payment processing failures. Any significant data breach or disruption to digital payment systems could harm the Group's reputation, incur compliance costs, and lead to loss of customer trust, affecting overall financial performance.

**Risk of increasing vending rent rates**

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

**Risk of increase in labour and employment costs**

Although the Group has made substantial investments in digitalization to achieve productivity gains, labour and employment costs make up the majority of the Group's operating expenses – 75% as of 30 September 2024. The Group's labour and employment costs may rise in the future, or rise faster than expected, as a result of minimum wage increases, inflationary pressure, increased workforce activism, government decrees and changes in social and pension contribution rules. The Group may not be able to offset increases in labour and employment costs through productivity gains. If labour and employment costs increase in the future, the Group's operating costs will increase, which could, if the Group cannot recover these costs from its clients or consumers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on the Group's

business, financial condition and results of operations.

**The loss of one or more key personnel members of the Group could have an adverse effect on its business**

The Group's success relies heavily on the expertise and leadership of its senior management and key personnel across various business areas, including skilled operational managers, product managers, and technology specialists. The senior management team possesses significant industry experience that would be challenging to replace. Financial difficulties or limited industry sustainability could hinder the Group's ability to retain these essential employees. The loss of key management or technical personnel, or an inability to attract qualified talent, could disrupt the Group's business operations, adversely impacting both daily operations and overall financial performance.

**Failure to attract and retain qualified personnel may affect the profitability of the Group's operations**

As of 31 December 2024, the Group employed 299 full-time employees. The Group's employees are a significant part of the overall operations of the Group. Therefore, it is of high importance for the Group to have a professional team of employees with low employee turnover rate. To retain and motivate its personnel, the Group has a performance bonus scheme in place and the Group provides health insurance.

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

**The international expansion of the Group's business may expose it to unique business risks and challenges**

The Group has grown and may continue to grow by expanding into new geographic markets. As the Group's operations increasingly expand across international markets, and it may be vulnerable to the unique business risks and challenges experienced by businesses in such markets. This may include challenges arising from the specific economic and political conditions in such markets, unique commercial situations that affect commercial road transportation businesses, unexpected costs and errors in the localization of its products or lack of familiarity with the commercial dynamics of a local market. Operating in international markets also requires significant management attention and further international expansion of the Group's operations may lead to operational difficulties in central oversight of the regional operations.

**The Group is exposed to operational risks**

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

**Counterparty credit risk**

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

**The Group is exposed to IT system and process risk**

The Group is dependent on IT systems for conducting several aspects of its operations, including processing customer transactions, managing purchases and its inventory, as well as managing the Group's internal financial operations. Accordingly, any failures and disruptions in the Group's key information systems may cause revenue to decrease and operating expenses to increase, which could result in material adverse effects on the Group's business, financial condition, and results of operations.



Cyber-attacks might result in financial loss, operational disruption, and reputational damage. Due to new trends in business and work environments, the Group constantly focuses on insider threats by tightening privileged access to critical applications. Mandatory e-learning and regular phishing exercises for the global workforce help the Group to identify critical issues promptly so that the Group can develop the most appropriate action plans for risk mitigation. The Group engages experts to perform intelligence-led, proactive hunting and monitoring of threats. The Group uses high-risk market cyber stress tests to address security gaps.

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

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

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

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

**If the Group fails to attain and maintain a level of liquidity deemed sufficient to support its operations and meet obligations, it could experience adverse effects on its business, financial condition, and operational results**

The Group actively oversees and manages its cash and cash equivalents to ensure adequate liquidity for funding operations and fulfilling corporate objectives. In the future, increased liquidity levels may be necessary to effectively support ongoing operations, initiatives, and address the impact of business challenges or unforeseen events. The inability to achieve and maintain such heightened liquidity levels may lead to unfavourable consequences, including reduced investment in platform development, challenges in executing the business plan, and difficulties in meeting obligations. Any of these developments may have adverse implications for the Group's business, financial condition, and operational results.

**Risk of capital expenditures**

As of 30 September 2024, the Group owned and operated a network of over 13.6 thousand coffee and vending machines. As part of the Group's business model, it acquires new machines for new client sites, refurbishes existing machines and replaces those that reach obsolescence. In 2021, 2022 and 2023 the Group's total capital expenditures amounted to EUR 5.7 million, EUR 3.1 million and EUR 3.2 million, respectively, while for the first nine months of 2024 the Group's total capital expenditures amounted to EUR 3.1 million, of which the largest part was made up of capital expenditures for coffee and vending machines and related equipment. The Group expects that its capital expenditures related to the purchase of new coffee and vending machines will remain relatively high in the future to support the investment required to deliver business growth and maintain the existing machine park. As the Group's capital expenditure requirements vary from year to year based on different capital intensity in different business segments it can provide no assurance that required capital expenditure will not increase more

than the Group anticipates. Furthermore, quality of acquired machines and thus their lifetime may not meet the Group's expectations leading to sooner than expected replacement and increasing capital expenditure needs. Such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on the Group's business, financial condition and results of operations.

#### **Risks associated with the integration of acquisitions**

As a consequence of the Group's previous acquisitions, it has recognized significant amounts of intangible assets and goodwill on its balance sheet. As of 30 September 2024, the Group had intangible assets of EUR 25.3 million, including goodwill of EUR 24.6 million. Intangible assets are initially measured at purchase or production cost. Goodwill is the excess of the cost of a business combination over the Group's share of the net fair value of those purchased assets, liabilities and contingent liabilities that can be identified individually and recognized separately. Goodwill is an intangible asset with an indefinite useful life. Intangible assets other than goodwill, or with a finite useful life, are amortized on a straight-line basis over their useful life. At the end of each financial year, and every interim accounting period, where there is any indication that an intangible asset may be impaired, its recoverable amount is calculated pursuant to impairment tests. The Group recognizes the difference between the carrying amount and the recoverable amount as impairment loss in the income statement. The amount of impairment losses that the Group is required to recognize in the future may be significant, particularly in the event of material acquisitions or products that perform below the Group's expectations.

#### **Financial leverage risk**

The Group's financial leverage has increased in recent years due to high levels of capital expenditure financed by additional borrowings. While the Group expects its financial leverage to decrease through scheduled amortization of financial indebtedness and an anticipated improvement in EBITDA, there is no assurance that these expectations will be realized. Higher leverage could require the Group to dedicate a substantial portion of its cash flows to debt financing, increasing its vulnerability to downturns in business operations or broader economic conditions. This may place the Group at a competitive disadvantage compared to peers with lower leverage and limit its flexibility in responding to market competition or industry changes. Any of these factors could materially and adversely affect the Group's ability to meet its obligations under the Notes.

#### **Risk of change of control**

Since 2017 the Group has been 100% owned by its Existing Shareholders (BaltCap Private Equity Fund II SCSp and BaltCap Private Equity Fund II EIF Co-Investment SCSp). The funds are managed by BaltCap, the leading private equity investor in the Baltics. As the funds have a fixed lifespan, there is a risk that BaltCap may seek to exit or exit from its investment before the Maturity Date of the Notes, which could result in Change of Control of the Issuer. In case of Change of Control, the Noteholders have the option to exercise their Change of Control put option (pursuant to Clause 12.3); however, this may result in a shorter holding period of the Notes than initially expected by the Noteholder.

### **RISKS RELATED TO THE NOTES**

#### **The Group may be unable to repay or repurchase the Notes at maturity**

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

Should the Company become subject to the Insolvency Proceedings during the term of the Notes, a Noteholder may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. Investor is always solely responsible for the economic consequences of its investment decisions.

#### **The Notes are unsecured debt instruments**

The Notes are unsecured debt instruments and the Noteholders would be unsecured creditors in the event of the Insolvency Proceedings affecting the Company or the Guarantors.

At the date of the Offering Memorandum a secured creditor of the Company is AS "SEB banka" (outstanding

amount of debt (principal without interest) as of 31 December 2024 was 10 794 470 EUR). The Company's debt to AS "SEB banka" *inter alia* is secured by the pledges over shares and assets of the Company and the Guarantors, as well as guarantees provided by the Guarantors.

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

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

**The Issuer may incur significant additional debt or grant additional security**

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

**There is no established trading market for the Notes. If an actual trading market does not develop for the Notes, the Investor may not be able to resell them quickly, for the price that the Investor paid or at all**

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

**There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity**

After registration of the Notes the Company plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga within 6 (six) months from the Issue Date. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity after admission to trading has taken place due to changes in legal acts, including Nasdaq Riga regulations, or recommendations by the Bank of Latvia.

**The price of the Notes may be volatile and the market price of the Notes may drop below the initial price a Potential Investor paid for the Notes**

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

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

Neither the Company, nor any other person undertakes to maintain a certain price level of the Notes. The Potential Investors are thus exposed to the risk of unfavourable price development of their Notes if they sell the Notes prior

to final maturity. If a Potential Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

**The Group may choose to repurchase or redeem the Notes when prevailing interest rates are relatively low, including in open market purchases**

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

**Changes in tax rates may impact net payments related to the Notes**

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

**Decisions of Majority Noteholders may affect individual rights of the Noteholders**

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

**Some Noteholders may have more preferential terms than others**

While the Company will try to maintain the proportional reduction principle to the extent possible in final allocation of the Notes, in case the total number of the Notes subscribed for is higher than the number of the Notes available, the Company has a right to refuse all or part of the subscribed Notes to any Potential Investor due to perceived risks that might not be directly measurable and subjective, thus, the proportionality principle might not be observed.

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

**The Issuer is dependent on and may be adversely affected by its Subsidiaries**

A significant part of the Group's assets and revenues related to the Issuer's Subsidiaries. Accordingly, the Issuer is dependent upon receipt of sufficient income and cash flow related to the operation of and the ownership in the Subsidiaries to enable it to make payments under the Notes. Consequently, the Issuer is dependent on the Subsidiaries' availability of cash, and their legal stability to make dividends which may from time-to-time be limited by corporate restrictions and law. Should the Issuer not receive sufficient income from its Subsidiaries, the Noteholders' ability to receive payment under the Terms and Conditions may be adversely affected. Additionally, under legal doctrines attributing liability for its subsidiaries to the parent company in rare cases the Issuer may lose its right to rely on its limited liability towards the liability of its Subsidiaries.

**RISKS RELATED TO THE GUARANTEE AND THE COLLATERAL AGENT**

**Risks associated with the Collateral Agent Agreement**

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

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

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

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

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

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

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

**The enforcement of the Guarantee will be subject to the procedures and limitations set out in the Collateral Agent Agreement and the Terms and Conditions**

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

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

By subscribing for, or accepting the assignment of, any Note, each of the Noteholders will accept the appointment of the Collateral Agent as the collateral agent (within the meaning of the Financial Instruments Market Law) and representative of the Investors, to represent and act for the Noteholders in relation to the Guarantee.

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

Under the Collateral Agent Agreement, the Majority Noteholders may pass a decision to replace the Collateral Agent at any time. At any time, the Collateral Agent may resign from its role as the Collateral Agent according to the procedure specified in the Terms and Conditions. Furthermore, the Collateral Agent's liability to the Noteholders and the Guarantors is limited in accordance with Clause 20.6. (*Liability of the Collateral Agent*). As of

the date of this Offering Memorandum the Collateral Agent's professional liability is insured with insurance company If P & C Insurance AS Latvijas filiāle (registration number: 40103201449).

## **REPRESENTATIONS AND WARRANTIES, RESPONSIBILITY STATEMENT**

### **REPRESENTATIONS AND WARRANTIES OF THE ISSUER**

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

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

The Issuer represents and warrants to the Noteholders that:

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

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

**RESPONSIBILITY STATEMENT**

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

On behalf of SIA Coffee Address Holding

Viktorija Meikšāne

Member of Management Board

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



## TERMS AND CONDITIONS OF THE NOTES

### 1. DEFINITIONS

In these Terms and Conditions the following expressions have the following meanings:

<b>Acquisition:</b>	Any transaction or series of related transactions pursuant to which the Group has acquired a participation in the equity capital of, or a control in, a person if that person pursuant to the IFRS has to be consolidated into the Group, or any acquisition or transfer of an operating division or business unit of any other person to the Group which under the Applicable Law constitutes a transfer of enterprise or an independent part thereof (in the meaning of the Commercial Law of the Republic of Latvia ( <i>Komerclikums</i> )) or an equivalent legal concept under the relevant Applicable Law.
<b>Adjusted Equity:</b>	The aggregate book value of the Group's total equity (including minority interest, if applicable) on consolidated basis, increased by Subordinated Debt, according to the most recent Financial Report.
<b>AML:</b>	Anti-money laundering and counter terrorism and proliferation financing.
<b>Applicable Laws:</b>	Any applicable law, including without limitation: (a) the regulations of the Bank of Latvia, Nasdaq Riga and Nasdaq CSD; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether state, local, foreign, or EU; and (c) the laws and regulations of the Republic of Latvia, the Republic of Lithuania, the Republic of Estonian and any legal acts in each other country in which the Issuer or any Guarantor operates.
<b>Arranger:</b>	Signet Bank AS, a Latvian credit institution registered in the Register Enterprises of the Republic of Latvia under registration No. 40003076407.
<b>Auditor:</b>	Any auditor from the following list that is licensed to practice in the Republic of Latvia: <ul style="list-style-type: none"><li>(a) Pricewaterhouse Coopers group entity;</li><li>(b) Ernst &amp; Young group entity;</li><li>(c) KPMG group entity;</li><li>(d) Deloitte group entity.</li></ul>
<b>Business Day(s):</b>	Business Day(s) is a day when Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
<b>Cash and Cash Equivalents:</b>	Cash and cash equivalents according to the most recent Financial Report.
<b>Change of Control:</b>	The occurrence of an event or series of events whereby, a person (natural person or legal entity) or group of persons acting in concert (directly or indirectly) acquires the influence (whether by way of ownership of shares, contractual arrangement or otherwise) to: <ul style="list-style-type: none"><li>(a) cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a general meeting of the shareholders of the Issuer; or</li><li>(b) appoint or remove or control the appointment or removal of a majority of the management board or supervisory council members or other</li></ul>

equivalent officers of the Issuer.

For the sake of clarity, a Change of Control does not occur if there is a change between the Existing Shareholders (including, where any changes to the management board or supervisory council members, if a supervisory council is appointed, or other equivalent officers of the Issuer takes place) and the Existing Shareholders maintain jointly or individually more than 50% (fifty percent) of the maximum number of votes that might be cast at a general meeting of the shareholders of the Issuer.

**Collateral Agent:**

A reputable person authorized to act with the Guarantee in favour of all the Noteholders in accordance with these Terms and Conditions and the Collateral Agent Agreement, who has a professional experience in capital markets transactions and expertise for the fulfilment of the tasks as a collateral agent, initially ZAB Eversheds Sutherland Bitāns SIA, a law firm registered with the Latvian Bar Association and registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203329751 and with a registered address at: Marijas iela 2A, Riga, LV-1050, the Republic of Latvia, e-mail: birojs@eversheds-sutherland.lv, phone number: +371 67 280 102. The Collateral Agent's professional liability shall be insured in the course of performance of Collateral Agent functions.

**Collateral Agent Agreement:**

The agreement entered into between the Issuer and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent in relation to the enforcement of the Guarantee, as provided in the Terms and Conditions, in the interests of the Noteholders, as well as the Collateral Agent's compensation. The Collateral Agent Agreement is available upon request from the Issuer and it constitutes an integral part of the Terms and Conditions.

**Company or Issuer:**

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

**Consolidated Debt Service Charges:**

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

**Consolidated EBITDA:**

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

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

<b>Coupon:</b>	Interest on the Notes calculated in accordance with the Clause 11. ( <i>Coupon</i> ).
<b>Coupon Payment Date:</b>	Coupon payments shall be made 4 (four) times per each 12 (twelve) months following from the Issue Date – on each 31 May, 31 August, 30 November and 28 February.
<b>Custodian:</b>	Nasdaq CSD participant directly or a licensed credit institution or an investment brokerage company that has a financial securities' custody account with a Nasdaq CSD participant.
<b>Debt Service Coverage Ratio or DSCR:</b>	<p>Debt Service Coverage Ratio (DSCR) measures the ability of the Group to service its Financial Indebtedness and is calculated as:</p> <ul style="list-style-type: none"> <li>(a) Consolidated EBITDA divided by Consolidated Debt Service Charges over the Relevant Period; or</li> <li>(b) if the Group has performed an Acquisition in the Relevant Period, the Pro-Forma EBITDA divided by Pro-Forma Debt Service Charges over the Relevant Period.</li> </ul>
<b>De-listing Event:</b>	Occurrence of an event whereby at any time following the listing of the Notes, trading in the Notes on First North is suspended for a period of 15 (fifteen) consecutive Business Days (when First North is at the same time open for trading).
<b>Equity Cure:</b>	Has the meaning set forth in Clause 15. ( <i>Events of Default</i> ).
<b>Equity Ratio:</b>	Ratio of Adjusted Equity to total assets, calculated according to the most recent Financial Report.
<b>EUR:</b>	Euro (the single currency of the Member States of the European Monetary System).
<b>Event of Default:</b>	Any event or circumstance set out in Clause 15.3. of the Terms and Conditions.
<b>Existing Shareholders:</b>	BaltCap Private Equity Fund II SCSp, registration No. B184094, registered address: 8, rue Lou Hemmer L - 1748 Senningerberg, Luxembourg, and BaltCap Private Equity Fund II EIF Co-Investment SCSp, registration No. B206629, registered address: 8, rue Lou Hemmer, L-1748 Senningerberg, Luxembourg.
<b>Fair Market Value:</b>	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving any distress of either party, determined in good faith by the management board of the Issuer.
<b>Financial Indebtedness:</b>	<p>The outstanding aggregate amount of any financial indebtedness of the Group according to the most recent Financial Report, including:</p> <ul style="list-style-type: none"> <li>(a) monies borrowed and debt balances at banks or other financial institutions;</li> <li>(b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Notes;</li> <li>(c) the amount of any liability in respect of any financial lease or hire purchase contract which would, in accordance with the Accounting Principles, be capitalised as an asset and booked as a corresponding liability in the balance sheet;</li> </ul>

- (d) monies borrowed from any shareholder of the Issuer;
  - (e) any amount raised under any other transaction (including any forward purchase or sale agreement) having the commercial effect of a borrowing and treated as a borrowing under IFRS, except for trade payables incurred in line with the ordinary course of business of the Group and except for premise lease as per IFRS 16 Leases standard;
  - (f) any derivative transaction based on mark-to-market value;
  - (g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
  - (h) without double-counting any guarantee or other assurance against financial-loss in respect of a type referred to the above items (a) to (f);
- but excluding any Subordinated Debt.

<b>Financial Report:</b>	The annual consolidated audited financial report of the Group and the quarterly consolidated unaudited report (as applicable) of the Group prepared in accordance with IFRS.
<b>Financial Year:</b>	For the Issuer, each year starting on 1 January and ending on 31 December.
<b>First North:</b>	The Multilateral Trading Facility (MTF) First North, operated by Nasdaq Riga.
<b>First Settlement Date (Issue Date):</b>	The date on which interest on the Notes starts to accrue: 28 February 2025.
<b>Force Majeure Event:</b>	Has the meaning set forth in Clause 17. ( <i>Force Majeure</i> ).
<b>Group:</b>	The Issuer and its Subsidiaries.
<b>Guarantee:</b>	Joint and several guarantee made by the Guarantors for the fulfilment of the Issuer's obligations under the Notes.
<b>Guarantor:</b>	An entity providing the Guarantee of fulfilment of the Issuer's obligations under the Notes. The Notes shall be guaranteed by the Subsidiaries indicated in Clause 20.1. ( <i>Guarantee</i> ).
<b>IFRS:</b>	International Financial Reporting Standards as endorsed in the EU based on Regulation (EC) No 1606/2002 to the extent applicable to the relevant financial statements.
<b>Insolvency Proceedings:</b>	Insolvency ( <i>maksātnespēja</i> ), legal protection process ( <i>tiesiskās aizsardzības process</i> ) and out-of-court legal protection process ( <i>ārpustiesas tiesiskās aizsardzības process</i> ) pursuant to the Insolvency Law of the Republic of Latvia ( <i>Maksātnespējas likums</i> ), or any similar proceedings seeking a judgment of insolvency or bankruptcy or compromise or distressed reorganization or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights in any jurisdiction.
<b>Investor(s):</b>	The Noteholders.
<b>Listing Failure:</b>	A situation where the Notes are not admitted to trading and listing on First North within 6 (six) months after the Issue Date.

<b>Majority Noteholders:</b>	<p>Noteholders (other than the Issuer, its direct or indirect shareholders and the Related Parties) who collectively hold in aggregate the Notes with the Nominal Value representing at least ½ (one half) of the aggregate Nominal Value of all outstanding Notes (other than the Notes held by the Issuer, its direct or indirect shareholders and the Related Parties) plus at least one additional Note.</p> <p>The Issuer, its direct or indirect shareholders and the Related Parties holding any such Notes are not eligible for voting.</p>
<b>Maturity Date:</b>	<p>The date when the Notes shall be repaid in full at their Nominal Value by the Issuer, which is 28 February 2028.</p>
<b>Minimum Settlement Unit:</b>	<p>The minimum amount which can be held and traded, which is equal to the Nominal Value.</p>
<b>Nasdaq CSD:</b>	<p>Nasdaq CSD SE, registration No. 40003242879, registered address at: Valņu iela 1, LV-1050, Riga, the Republic of Latvia.</p>
<b>Nasdaq Riga:</b>	<p>AS “Nasdaq Riga”, registration No. 40003167049, registered address at: Valņu iela 1, LV-1050, Riga, the Republic Latvia.</p>
<b>Net Debt:</b>	<p>The aggregate amount of the Financial Indebtedness of the Group minus the sum of Cash and Cash Equivalents of the Group, including marketable securities, as per most recent Financial Report.</p>
<b>Net Debt Leverage Ratio:</b>	<p>Net Debt, according to the most recent Financial Report, divided by (i) Consolidated EBITDA; or (ii) if the Group has performed an Acquisition over the Relevant Period, the Pro-Forma EBITDA over the Relevant Period.</p>
<b>Nominal Value:</b>	<p>Face value of a single Note, which is EUR 1,000.00 (one thousand euro).</p>
<b>Note(s):</b>	<p>The debt security issued by the Issuer according to these Terms and Conditions.</p>
<b>Noteholder(s) or Investor(s):</b>	<p>A private person or legal entity that is an owner of one or more Notes and has a claim against the Issuer as provided in the Terms and Conditions.</p>
<b>Noteholders’ Meeting:</b>	<p>A meeting among the Noteholders held in accordance with Clause 21. (<i>Noteholders’ Meeting and Decisions</i>) of the Terms and Conditions.</p>
<b>Permitted Security:</b>	<p>(a) any Security which is securing the obligations of the Issuer or any Subsidiary and is granted in favor of any credit institution which is incorporated and licensed under the law of a Member State of the European Union or the European Economic Area, or any subsidiary of such credit institution which is incorporated under the law of a Member State of the European Union or the European Economic Area and authorized to provide financial leasing or factoring services;</p> <p>(b) any netting or set-off arrangement entered into by the Issuer or any Subsidiary in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;</p> <p>(c) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by the Issuer or any Subsidiary for the purpose of: (i) hedging any risk to which the Issuer or any Subsidiary is exposed in its ordinary course of trading; or (ii) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes on; excluding, in each case, any</p>

Security under a credit support arrangement in relation to a hedging transaction;

- (d) any Security created over any asset of any company which becomes a Subsidiary after the Issue Date, where such Security is created: (i) prior to the date on which the company becomes a Subsidiary, provided that such Security was not created in contemplation of the acquisition of such company; or (ii) simultaneously with the acquisition of such company for the sole purpose of financing the acquisition of such company;
- (e) any Security arising under the sale and leaseback of assets owned by the Issuer or any Subsidiary;
- (f) any Security arising under any retention of title or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer or any Subsidiary in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer or any Subsidiary;
- (g) any Security arising by operation of law; or
- (h) any other Security approved by the Majority Noteholders.

**Potential Investor(s):** A private person or legal entity that has, according to the terms stated in the Terms and Conditions, expressed interest or is planning to purchase for its own account one or more Notes.

**Procedure in Writing:** A written or electronic procedure for decision making by the Noteholders in accordance with Clause 21. (Noteholders' Meeting and Decisions) of the Terms and Conditions.

**Pro-forma Debt Service Charges:** The sum of the Consolidated Debt Service Charges over the Relevant Period plus, to the extent not already reflected in the Consolidated Debt Service Charges, Debt Service Charges over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.

**Pro-Forma EBITDA:** The sum of Consolidated EBITDA over the Relevant Period plus, to the extent not already reflected in Consolidated EBITDA, EBITDA over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.

**Prospectus Regulation:** Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

**Related Parties:**

- (a) a shareholder of the Issuer who has a direct decisive influence in the Issuer;
- (b) a member of the management board or supervisory council of the Issuer;
- (c) a member of the management board or supervisory council of the shareholder who has a direct decisive influence in the Issuer;
- (d) a person who is a relative of the person referred to in point (a) or (b) above up to the second degree of kinship, the spouse or brother-in-law or sister-in-law up to the first degree of affinity, or a person with whom he or she has a shared household;

- (e) a legal person in which the person referred to in point (a), (b) or (d) above has a decisive influence.

<b>Relevant Period:</b>	Each period of 12 (twelve) consecutive calendar months, fixed at the end of each calendar quarter.
<b>Sanctions:</b>	Economic or financial sanctions, trade embargoes and similar measures imposed, administered or enforced from time to time by the Republic of Latvia, European Union, United Nations, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and any competent authority.
<b>Security:</b>	Has the meaning set forth in Clause 14. ( <i>Undertakings</i> ).
<b>Settlement Unit Multiple:</b>	Multiple that defines the settlement quantity or nominal must be a multiple of the Minimum Settlement Unit.
<b>Subordinated Debt:</b>	<p>Debt of the Issuer to its direct or indirect shareholders that is subordinated to the Notes to the extent of EUR 5,000,000 (five million euro) (i.e., the principal amount and interest of such debt is payable only after settlement of all of the obligations under the Notes).</p> <p>As of 31 December 2024 the amount of the Subordinated Debt is equal to EUR (4.8 million euro).</p>
<b>Subsidiary:</b>	<p>An entity:</p> <ul style="list-style-type: none"><li>(a) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body or otherwise; or</li><li>(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer.</li></ul> <p>On the date of the Offering Memorandum, the Issuer has four subsidiaries:</p> <ul style="list-style-type: none"><li>(c) Coffee Address SIA, a limited liability company registered with the Register of Enterprises of the Republic of Latvia under registration No. 40003174017, legal address: Mūkusalas iela 42, Riga, LV-1004, the Republic of Latvia;</li><li>(d) Coffee Address UAB, a limited liability company registered with the Register of Legal Entities of the Republic of Lithuania under registration No. 111435033, legal address: Parko st. 39, Avižieniai, LT-14198 Vilnius district, the Republic of Lithuania;</li><li>(e) Coffee Address OÜ, a limited liability company registered with the Estonian Centre of Registers of the Republic of Estonia under registration No. 10260239, legal address: Osmussaare tee 5/ Taevakivi 1, 13811 Tallinn, the Republic of Estonia; and</li><li>(f) Payment Systems SIA, a limited liability company registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203144617, legal address: Kauguru iela 6, Riga, LV-1046, the Republic of Latvia.</li></ul>
<b>Terms and Conditions:</b>	The Terms and Conditions of the Notes, which form inseparable part of the Offering Memorandum.

**2. USE OF THE PROCEEDS**

- 2.1. The total issue size is EUR 5,000,000.00 (five million euro).
- 2.2. Funds that will be raised as a result of the Notes issue after deduction of the Arranger's placement fee and other fees and expenses related to the Issuance of the Notes will be used for general corporate purposes, including financing acquisitions and/or other investment projects of the Group, as well as may be used to refinance the Group's existing liabilities.

**3. GENERAL INFORMATION**

- 3.1. The Notes are bearer securities and any individual or entity that holds the Notes in his/her securities account has the right to receive Coupon and the Nominal Value payments. It is planned to issue the Notes with a Nominal Value of EUR 1,000.00 (one thousand euro) for one Note and total nominal value of EUR 5,000,000.00 (five million euro).
- 3.2. ISIN (International Security Identification Number) of the Notes allocated by Nasdaq CSD is LV0000102432.
- 3.3. Minimum subscription amount for the Notes is EUR 100,000.00 (one hundred thousand euro) with minimum step of EUR 1,000.00 (one thousand euro).
- 3.4. The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes, irrespective of whether such further notes are consolidated with already issued Notes or not.

**4. APPLICABLE LAW AND DISPUTE RESOLUTION**

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

**5. FORM AND ACCOUNTING OF THE NOTES**

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

**6. CURRENCY OF THE NOTES**

Currency of the Notes is EUR (euro).

**7. STATUS OF THE NOTES**

The Notes rank *pari passu* with other unsecured obligations of the Issuer, however, the Notes are guaranteed by the Guarantors. In case of the Insolvency Proceedings of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the Applicable Laws. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured or unsecured liabilities of the Issuer. For avoidance of doubt, in case of an Event of Default the Noteholders will have a recourse against the Guarantors if the Issuer fails to perform its obligations under the Terms and Conditions, with the Noteholders' claims enforceable against the Issuer and the Guarantors according to the Terms and Conditions and the Guarantee.



**8. RIGHTS AND RESTRICTIONS CONNECTED WITH ISSUE OF THE NOTES**

- 8.1. Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with the Clause 11. (*Coupon*) and Clause 12. (*Repayment of the Notes*), as well as exercise other rights provided in the Terms and Conditions and Applicable Laws.
- 8.2. The Issuer has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Issuer shall be held in the Issuer's financial instruments' custody account and the Issuer has the right to sell the purchased Notes to Potential Investors and other Noteholders. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments' account, therefore decreasing the size of the Notes issue.
- 8.3. The Notes held by the Issuer, its direct or indirect shareholders and the Related Parties are not eligible to participate in the voting in accordance with the Terms and Conditions.

**9. RESTRICTIONS ON FREE CIRCULATION OF THE NOTES**

- 9.1. The Notes are freely transferable debt securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the Applicable Laws.
- 9.2. Any Noteholder wishing to transfer or offer the Notes must ensure that any offering related to such transfer or offer would not be qualified as public offering in the essence of the Applicable Laws. According to the Terms and Conditions, it is the obligation and liability of the Noteholder to ensure that any offering of the Notes does not fall under the definition of public offering under the Applicable Laws.

**10. FIRST SETTLEMENT DATE OF THE NOTES**

The Issue Date (First Settlement Date) of the Notes issue is 28 February 2025, on which the Coupon starts to accrue.

**11. COUPON**

**11.1. Coupon rate**

The Coupon rate for the Notes is 8.50 % (eight point five zero percent) per annum and is fixed until the Maturity Date.

**11.2. Coupon payment procedure**

- 11.2.1. Coupon payments are made on each Coupon Payment Date. Coupon payments are made 4 (four) times per year – each 31 May, 31 August, 30 November and 28 February. The first Coupon payment will be made on 31 May 2025 and the last Coupon payment will be made on Maturity Date, which is 28 February 2028.
- 11.2.2. The Coupon record date is the 5th (fifth) Business Day prior to the Coupon Payment Date. At the end of the Coupon record date the list of the Noteholders, who are be eligible for the Coupon payments, will be fixed. The Coupon payment shall be made to the Noteholders in accordance with the relevant Noteholders' list, on each Coupon Payment Date for the preceding Coupon period.
- 11.2.3. The Issuer shall pay the Coupon through the intermediary of Nasdaq CSD and in accordance with the applicable regulations of Nasdaq CSD, which regulate the procedure for paying income from debt securities. The regulations of Nasdaq CSD applicable on the date of the Terms and Conditions are Nasdaq CSD Rulebook and Corporate Action Service Description.
- 11.2.4. If the Coupon Payment Date is not a Business Day, the Issuer will pay the Coupon payment on the first Business Day after the Coupon Payment Date. The postponement of the payment date shall not have an impact on the amount payable.
- 11.2.5. If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in the Terms and Conditions, the Noteholders shall have the right to submit claims regarding the payment of the Coupon but not earlier than after 10 (ten) Business Days following the payment date of the relevant

Coupon.

### **11.3. Coupon calculation**

11.3.1. Quarterly Coupon payments shall be calculated according to the following formula:

$CPN = F * C * n / 360$ , where

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

F – Nominal Value of one Note;

C – annual Coupon rate (% with six digits after the decimal separator);

n – number of days since the Issue Date or the last Coupon Payment Date (as applicable) calculated on a 30-day basis.

11.3.2. The accrued interest between the Coupon Payment Dates shall be calculated presuming there are 360 (three hundred and sixty) days in one year (day count convention – “European 30/360”) as follows:

$CPN1 = F * C / 360 * D$ , where

CPN1 – the amount of the Coupon payment in EUR per Note;

F – Nominal Value of one Note at the beginning of the relevant Coupon calculation period, *i.e.*, the initial Nominal Value at the time of the issue of a Note, as may be reduced by the redemption or repurchase amounts paid during the previous periods in accordance with Clause 12.3 (*Early redemption at the option of the Noteholders upon Change of Control*) and Clause 12.4 (*Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure*) of the Terms and Conditions;

C – annual Coupon rate (% with six digits after the decimal separator);

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

## **12. REPAYMENT OF THE NOTES**

### **12.1. Repayment at maturity**

12.1.1. The Nominal Value of one Note is EUR 1,000.00 (one thousand euro), and the Issuer will repay the Nominal Value of the Notes at the Maturity Date, which is 28 February 2028.

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

12.1.3. If the Maturity Date is not a Business Day, the Issuer will pay the Nominal Value of the Notes on the next Business Day after the Maturity Date. In case of the postponement of the payment date, the Issuer shall compensate the accrued interest for dates between Maturity Date and actual payment date of the Nominal Value.

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

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

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

- (a) from 28 February 2026 (inclusive) until 27 August 2027 (inclusive) by paying 102% (one hundred and two percent) of the Nominal Value amount plus accrued and unpaid Coupon;
- (b) from 28 August 2027 (inclusive) until the day before the Maturity Date by paying 100% (one

hundred percent) of the Nominal Value amount plus accrued and unpaid Coupon.

12.2.2. If the Issuer takes a decision on early redemption of the Notes, the Issuer shall notify the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes by publishing notice on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).

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

### **12.3. Early redemption at the option of the Noteholders upon Change of Control**

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

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

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

12.3.3. If 75 (seventy-five) per-cent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 12.3 (*Early redemption at the option of the Noteholders upon Change of Control*), the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to Clauses 12.3.1. and 12.3.2, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

### **12.4. Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure**

12.4.1. In case a De-listing Event or Listing Failure has occurred, the Issuer has the obligation to notify the

Noteholders by publishing a relevant notice with sufficient details on its webpage [www.coffeeaddress.com](http://www.coffeeaddress.com) no later than 20 (twenty) Business Days after a De-listing Event or Listing Failure has occurred:

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

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

12.4.3. If 75 (seventy-five) per cent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 12.4. (*Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure*), the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to Clauses 12.4.1. and 12.4.2., redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

### **13. FINANCIAL COVENANTS**

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

- (a) to maintain Debt Service Coverage Ratio of at least 1.1x (one point one time); calculated for the Relevant Period at the end of each quarter;
- (b) to maintain Equity Ratio of at least 30% (thirty per cent); calculated at the end of each quarter;
- (c) to maintain Net Debt Leverage Ratio from the Issue Date less than 3.5 x (three point five times); calculated for the Relevant Period at the end of each quarter.

### **14. UNDERTAKINGS**

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

- (a) not to pay dividends or make other distribution of profits to its shareholders;
- (b) not make substantial change to the general nature of the business of the Issuer and the Subsidiaries from that carried on at the Issue Date (including, but not limited to, the commencement of any new business not being ancillary or incidental to the original business);
- (c) not to initiate or allow initiation of the Issuer's liquidation or similar proceedings and not to

- reduce the share capital of the Issuer;
- (d) any transactions with the Related Parties should be at a Fair Market Value;
  - (e) all existing and future loans received from the Issuer's shareholders must be subordinated to the Notes. On or around the Issue Date the Existing Shareholders will sign an acknowledgement of subordination of existing and future loans granted to the Issuer to the Notes. Noteholders are entitled to get acquainted with the acknowledgement upon written request to the Issuer;
  - (f) the Issuer shall not, and shall procure that none of the Guarantors create or permit to subsist mortgage, pledge or any other security interest (each a "**Security**"), other than a Permitted Security, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Financial Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith;
  - (g) not to sell, present, change, rent, license, invest, or otherwise transfer into utilization the right to use the trademarks of the Issuer and the Subsidiaries;
  - (h) to include the Notes on First North operated by Nasdaq Riga within 6 (six) months after the Issue Date;
  - (i) to publish consolidated unaudited quarterly reports for the Group with management comments, prepared according to IFRS, by the end of the second month following the end of each respective quarter. The reports should also include information if the Issuer is compliant with the financial covenants set out in Clause 13 (Financial Covenants) of the Terms and Conditions;
  - (j) to publish consolidated annual reports for the Group prepared according to the IFRS, together with corporate governance reports prepared according to the Latvian Corporate Governance Code, within 4 (four) months for each consecutive Financial Year. The annual reports should be audited by an Auditor; and
  - (k) to publish consolidated sustainability reports for the Group prepared considering requirements of the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) within 4 (four) months for each consecutive Financial Year.

## **15. EVENTS OF DEFAULT**

- 15.1. If an Event of Default occurs and is continuing, the Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may by written notice to the Issuer declare the Notes and accrued Coupon to be prematurely due and payable (declare the occurrence of Event of Default). If the Issuer confirms that an Event of Default in accordance with this Clause has occurred or does not provide any information within 20 (twenty) Business Days, then the Issuer shall pay all Noteholders the Nominal Value of the Notes along with the accrued Coupon and default interest in accordance with Clause 16. (*Default Interest*) within 20 (twenty) Business Days from occurrence of any of the aforementioned events, i.e., confirmation or non-response. If the Issuer is unable to pay, the Noteholders may act in accordance with Clause 20.4 (*Enforcement of the Guarantee*).
- 15.2. The Issuer shall publish information regarding Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes declaring the occurrence of Event of Default and confirmation or denial of occurrence of Event of Default on the Issuer's webpage [www.coffeeaddress.com](http://www.coffeeaddress.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North)
- 15.3. Each of the events or circumstances set out below shall constitute an Event of Default:
- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of Coupon in respect of the Notes on the due date for payment thereof, unless the payment is made within 10 (ten) Business Days following the original due date. The Noteholders shall have the right to submit claims regarding failure to make payment not earlier than 10 (ten) Business Days after the due date of the relevant payment;

- (b) **Breach of Financial Covenants:** the Issuer does not comply with any financial covenant set out in Clause 13. (*Financial Covenants*), unless prior to or within 90 (ninety) calendar days of the earlier of: (i) the date on which the relevant Financial Report is to be published pursuant to Terms and Conditions; and (ii) the date that such a Financial Report was in fact published pursuant to the Terms and Conditions for any Relevant Period in which such failure to comply was (or would have been) first evidenced ("**Breach Period**"), the Issuer has received cash proceeds of new injections from the shareholders of the Issuer in a form of equity and/or Subordinated Debt (the "**Equity Cure**"), in an amount at least sufficient to ensure the financial covenants set out in Clause 13. (*Financial Covenants*) would be complied with if tested again as at the last date of the Breach Period.
- Any Equity Cure provided to the Issuer in respect of such Breach Period shall be deemed to have been provided during the Breach Period and shall be included (without double counting) in all relevant calculations of the financial covenants set out in Clause 13. (*Financial Covenants*) until the date it was deemed provided falls outside any subsequent Relevant Period.
- If after the Equity Cure the relevant financial covenant set out in Clause 13. (*Financial Covenants*) is met, then an Event of Default shall not be constituted.
- (c) **Breach of Undertakings:** the Issuer does not comply with any undertakings set out in Clause 14. (*Undertakings*), unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 20 (twenty) Business Days after the Issuer becoming aware of the non-compliance;
- (d) **Cross-Default:**
- (i) any Financial Indebtedness of the Issuer or Guarantors is neither paid when due nor within any applicable grace period;
  - (ii) any Financial Indebtedness of the Issuer or Guarantors is declared to be or otherwise becomes due and payable prior to its specified maturity, as a result of an event of default (however described);
  - (iii) any commitment for any Financial Indebtedness of the Issuer or Guarantors is cancelled or suspended by a creditor, as a result of an event of default (however described); or
  - (iv) any security securing Financial Indebtedness of the Issuer or Guarantors over any asset is enforced by a secured creditor;
- provided, however, the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds in total EUR 500,000.00 (five hundred thousand euro) (or the equivalent thereof in any other currency), provided that there is no dispute on the obligation to pay, and that the above does not apply to any Financial Indebtedness owed to the Related Parties or Subordinated Debt.
- (e) **Insolvency:**
- (i) the Issuer or any Guarantor is subject to any Insolvency Proceedings or similar proceedings in any of competent jurisdictions or admits inability to pay its debts in case of lawful claims, save for the claims of the Related Parties, other than the Insolvency Proceedings which are being disputed in good faith and are discharged, stayed or dismissed within 90 (ninety) calendar days of commencement;
  - (ii) the Issuer or any Guarantor enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or
  - (iii) an application to initiate any Insolvency Proceedings or similar proceedings in relation to the Issuer or any Guarantor or any other proceedings for the settlement of the debt of the Issuer or of any Guarantor is submitted to the court by the Issuer or any Guarantor.
- (f) **Failure to notify of a Change of Control:** the Issuer does not comply with any notification obligations set out in Clause 12.3. (*Early redemption at the option of the Noteholders upon Change of Control*).

- (g) **Failure to notify of a De-Listing Event or Listing Failure:** the Issuer does not comply with any notification obligations set out in Clause 12.4. (*Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure*).

## **16. DEFAULT INTEREST**

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

## **17. FORCE MAJEURE**

- 17.1. The Issuer shall be entitled to postpone the fulfilment of its obligations under the Terms and Conditions by publishing a relevant notice on its webpage [www.coffeeaddress.com](http://www.coffeeaddress.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North in case the performance is not possible due to continuous existence of any of the following circumstances (a **"Force Majeure Event"**):

- (a) action of any authorities, war or threat of war, armed hostility or a serious threat of it, including but not limited to enemy attacks, blockades, military embargoes, actions by a foreign enemy, general military mobilisation, military actions, declared and undeclared war, actions by a public enemy, commotions, acts of terrorism, diversions, piracy, disorders, invasion, revolution, coup, insurrection, mass unrest, expropriation, enforced withdrawal, takeover of enterprises, requisition;
- (b) disturbances in postal, telephone, or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect the operations of the Issuer;
- (c) any interruption of or delay in any functions of measures of the Issuer as a result of fire, frost or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer; or
- (e) any other similar force majeure hindrance.

- 17.2. In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of the obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer shall put all best efforts to limit the effect of the Force Majeure Event and to resume the fulfilment of its obligations as soon as possible.

## **18. DISCLOSURE OF INFORMATION**

- 18.1. Up until the Maturity Date, the Issuer shall publish all information required by covenants, rules of Nasdaq Riga and regulatory enactments.
- 18.2. Unless it is provided otherwise in the Terms and Conditions, for as long as the Notes are not admitted to trading on First North, all notices and reports to the Noteholders shall be published on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com).
- 18.3. Unless it is provided otherwise in the Terms and Conditions, as of the date when the Notes are admitted to trading on First North, all notices and reports to Noteholders shall be published on the Nasdaq Riga website, as well as on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com).
- 18.4. Any notice or report published in a manner prescribed in Clauses 18.1. and 18.2. of the Terms and Conditions shall be deemed to have been received on the same Business Day when it is published.

## **19. REPRESENTATION OF THE NOTEHOLDERS BY THE COLLATERAL AGENT**

- 19.1. The Collateral Agent is authorized to act with the Guarantee in favour of all the Noteholders in accordance with the Terms and Conditions and the Collateral Agent Agreement.
- 19.2. The Noteholders have no rights to act with the Guarantee directly, yet at the same time there are no restrictions set for Noteholders' right to create and/or authorize an organization/person that represents

the legal interests of all Noteholders or part thereof.

- 19.3. In case of the Insolvency Proceedings affecting the Noteholders have the right to represent their own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims' group.

## **20. GUARANTEE**

### **20.1. Guarantee**

- 20.1.1. Fulfilment of the Issuer's obligations under the Notes shall be jointly and severally guaranteed at all times by the following Subsidiaries of the Issuer, acting as the Guarantors:

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

- 20.1.2. For the purpose of guaranteeing due and timely payment, discharge, and performance of the Notes, the Guarantee shall be provided by the Guarantors to the Noteholders and the Collateral Agent as of the Issue Date. The Collateral Agent is authorised to enforce the Guarantee on behalf of the Noteholders pursuant to the Terms and Conditions and the Collateral Agent Agreement.

- 20.1.3. By subscribing to the Notes, each Noteholder acknowledges and confirms that the Guarantors may use, deal with, consume, spend, utilize and dispose their assets in the ordinary course of business and in accordance with reasonable business practices.

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

### **20.2. Noteholders and the Collateral Agent**

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

- (a) appoints the Collateral Agent to act as its agent and to perform the obligations and exercise the rights in connection with the Guarantee as set forth in these Terms and Conditions, the Guarantee and the Collateral Agent Agreement, and authorises the Collateral Agent to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent under or in connection with these Terms and Conditions, the Guarantee and the Collateral Agent Agreement;
- (b) acknowledges that the Issuer has concluded the Collateral Agent Agreement with the Collateral Agent;
- (c) confirms the fact that the Collateral Agent's acts under the Collateral Agent Agreement, the Guarantee or other agreements in connection with the Notes concluded with the Issuer does not constitute any conflict of interests with respect to the Noteholder;
- (d) confirms the fact that the Guarantee secures, inter alia, the Issuer's obligations towards the Collateral Agent do not constitute any conflict of interests with the Noteholder (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with these Terms and Conditions). Each Noteholder acknowledges the fact that the Guarantee secures, inter alia, the Issuer's obligations towards the Collateral Agent and shall not prevent the Collateral Agent from fulfilling its obligations and acting in accordance with these Terms and Conditions, the Guarantee and the Collateral Agent Agreement;
- (e) agrees that upon the performance of its obligations and exercising of its rights in connection with



the Guarantee, the Collateral Agent shall be entitled to act at its own discretion, considering the interests of the Noteholders collectively and generally (and not of any particular Noteholder), unless specifically instructed otherwise by the Majority Noteholders in accordance with these Terms and Conditions and without prejudice to Clause 20.6. (*Liability of the Collateral Agent*) of these Terms and Conditions;

- (f) agrees that the Collateral Agent has only such functions, obligations and liability as expressly set forth in these Terms and Conditions, the Guarantee and the Collateral Agent Agreement, and that upon the performance of its obligations and exercising of its rights in connection with the Guarantee, the Collateral Agent is entitled to act at its discretion, considering the interests of the Noteholders;
- (g) expressly acknowledges that neither the Collateral Agent nor any of his employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Collateral Agent hereinafter taken, including any review of the affairs of the Issuer or any of its affiliates, shall be deemed to constitute any representation or warranty by the Collateral Agent to any such person. Each of the Noteholders represents to the Collateral Agent that it has, independently and without reliance upon the Collateral Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of an investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer and its affiliates, and made its own decision to acquire the Notes.

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

### **20.3. Scope of Obligations of the Collateral Agent**

20.3.1. The rights and obligations of the Collateral Agent are limited to those expressly specified in the Collateral Agent Agreement, the Guarantee and these Terms and Conditions and, notwithstanding any other provisions of these Terms and Conditions, such rights are limited to the exercise of those rights which belong to the Collateral Agent in its capacity as an authorised representative of the Noteholders in respect of the Guarantee. The Collateral Agent is required to perform its obligations in relation to the Guarantee only if the Guarantee is established in accordance with these Terms and Conditions.

20.3.2. The Collateral Agent does not have any obligation:

- (a) to take any action (including, without limitation, to commence legal proceedings, Insolvency Proceedings or any other proceedings) with the purpose to satisfy any claims arising under these Terms and Conditions in connection with any assets of the Guarantors, except for enforcing the Guarantee in accordance with these Terms and Conditions upon the Guarantee becoming enforceable and receiving the relevant Instruction from the Majority Noteholders;
- (b) to ensure the existence, enforceability or validity of the Guarantee or to assess any rights arising from or relating to the Guarantee (except for the validity of the Guarantee after its establishment to the extent within the control or sphere of influence of the Collateral Agent and to the extent within the scope of its obligations under these Terms and Conditions). Without prejudice to the aforementioned, the Collateral Agent shall not be liable relating to or affecting the validity of the Guarantee that are outside the control or sphere of influence of the Collateral Agent;
- (c) to inform the Noteholders and the Issuer about any circumstances relating to the Guarantee except to the extent such obligation to provide information is explicitly set forth in these Terms and Conditions; and

- (d) to provide any advice to the Noteholders in legal, accounting, tax or other matters.
- 20.3.3. The Noteholders shall not have any independent power to enforce the Guarantee or to exercise any rights or powers arising under the Guarantee or the Collateral Agent Agreement. The Noteholders may exercise their rights in relation to the Guarantee only through the Collateral Agent pursuant to these Terms and Conditions.
- 20.3.4. Upon the performance of its obligations and exercising its rights, the Collateral Agent shall act at its own discretion in the interests and on the account of the Noteholders collectively, and generally (and not any particular Noteholder) without having any independent interests of its own (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with Clause 20.3.9.20.5.1 (a). below) and without any obligation to consider any interests of the Issuer and without any right of the Issuer to give any instructions to the Collateral Agent. In particular, in accordance with these Terms and Conditions the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Noteholders upon failure to obtain instructions from the Majority Noteholders. However, the Collateral Agent shall not start the enforcement of the Guarantee without the relevant Instruction provided by the Majority Noteholders as described in these Terms and Conditions.
- 20.3.5. The Collateral Agent is under no circumstances liable for the performance of the obligations of the Issuer or impossibility to enforce the Guarantee in accordance with these Terms and Conditions or any restrictions or delays thereof.
- 20.3.6. Upon the performance of its obligations and exercising of its rights hereunder the Collateral Agent shall have the right at its own cost to use the services of third parties and to appoint third-party representatives (including, during the performance of its tasks and acts as stipulated in these Terms and Conditions and the Guarantee). In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall evaluate and appoint only reputable third parties having professional expertise for the fulfilment of the tasks and acts as stipulated in these Terms and Conditions. In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall also ensure that: (i) no conflict of interest exists in respect to the Issuer and the Majority Noteholders; (ii) the fees, costs and expenses of such third-party services are at a reasonable market price; (iii) the fees, costs and expenses for using the services of third parties and/or appointment of third-party representatives would not exceed costs, fees and expenses of the Collateral Agent if the latter would perform its obligations under these Terms and Conditions, the Collateral Agreement and the Collateral Agent Agreement on its own; and (iv) it remains a duty and obligation of the Collateral Agent to perform its obligations under these Terms and Conditions and not of the appointed third-party. In case the use of services of third parties or appointment of third-party representatives is required for the fulfilment of obligations arising from these Terms and Conditions, including the Collateral Agreement, Clause 20.3.9. of these Terms and Conditions is applicable.
- 20.3.7. At the request of the Collateral Agent, the Noteholders shall provide the Collateral Agent with any information required for the purposes of identification of the Noteholders and/or for the performance of other obligations arising from the Applicable Laws. The Noteholders hereby authorize the Collateral Agent to represent the Noteholders in the scope and capacity of the Collateral Agent against any third parties.
- 20.3.8. At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of the Noteholders specifying the outstanding Nominal Value of the Notes each of them is holding and their latest known email addresses, if such information is available in accordance with the respective list of the Noteholders and information contained therein as provided by Nasdaq CSD. In case the Issuer does not provide the information specified in this Clause to the Collateral Agent in due course, or if the information provided by the Issuer to the Collateral Agent is not sufficient for performance of its obligations hereunder, the Collateral Agent shall have the right to request the information relating to the Noteholders specifying the outstanding Nominal Value of the Notes each of them is holding and their latest known email addresses directly from Nasdaq CSD.
- 20.3.9. The Collateral Agent shall have the right to receive fees (including the fees payable in advance) from the Issuer and to be compensated by the Issuer for those costs that are necessary relating to the performance

of its obligations under these Terms and Conditions in accordance with the Collateral Agent Agreement and shall have the right to withhold the performance of its duties and obligations in case of any delay of payment of the relevant fees and costs. As regards the costs, the Issuer shall also compensate to the Collateral Agent all payments made by the Collateral Agent to third parties for the purposes of enforcement of the Guarantee in accordance with these Terms and Conditions and the Collateral Agreement (including, without limitation, state fees and taxes, other fees and payments established by Applicable Laws, costs and expenses that are necessary and incurred by the Collateral Agent), as well as all damages incurred by the Collateral Agent in relation to the same.

- 20.3.10. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by post or e-mail by using the contact details set forth in these Terms and Conditions. All notices of the Noteholders to the Collateral Agent shall be sent in writing (letter and email) to the Collateral Agent and copied to the Issuer and the Arranger. If the Collateral Agent has doubts that a notice from a Noteholder has not been sent to the Issuer or the Arranger, then the Collateral Agent shall immediately forward such notice to the Issuer or the Arranger (as applicable).
- 20.3.11. The Collateral Agent has the right to terminate the Collateral Agent Agreement by providing a 20 (twenty) Business Days prior written notice and in case: (a) the Guarantee has not been provided within the term stipulated in Clause 20.1.2. of these Terms and Conditions (as applicable); and/or (b) the Collateral Agent resigns pursuant to Clause 20.7.1. of these Terms and Conditions. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of the Collateral Agent Agreement. In any case, the duties and obligations of the retiring Collateral Agent shall be deemed to have terminated upon fulfilment of the conditions set out in Clause 20.7.9. of these Terms and Conditions.
- 20.3.12. The Issuer has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the Notes issue and in case the Collateral Agent is dismissed pursuant to Clause 20.7.4. of these Terms and Conditions.

#### **20.4. Enforcement of the Guarantee**

- 20.4.1. Upon receipt by the Issuer of a notification that an Event of Default has occurred pursuant to Clauses 15.1., the Issuer shall within 20 (twenty) Business Days have the right to submit the proposed action plan in respect to the claim settlement to the Noteholders ("**Action Plan**"). The Issuer shall act in accordance with Clause 21. (*Noteholders' Meetings and Decisions*) and the Majority Noteholders shall vote for the approval of the Action Plan.
- 20.4.2. If the Majority Noteholders have not approved the Action Plan, the Issuer shall act in accordance with Clause 21. (*Noteholders' Meetings and Decisions*) and Majority Noteholders shall vote on whether to instruct the Collateral Agent to enforce the Guarantee ("**Instruction**"). The Noteholders agree that the Collateral Agent will enforce the Guarantee upon receipt of the Instruction.
- 20.4.3. If the Majority Noteholders in accordance with Clause 20.4.2. of these Terms and Conditions have provided to the Collateral Agent the Instruction, the Collateral Agent shall immediately notify (by letter or email) the Guarantors, the Issuer and all Noteholders of receipt of the Instruction, provided that the Collateral Agent has the relevant contact details of the Noteholders, and the Issuer shall publish the received information on its website [www.coffeeaddress.com](http://www.coffeeaddress.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 20.4.4. The Collateral Agent may rely that the Issuer has performed its obligations under the Notes in accordance with these Terms and Conditions until the Majority Noteholders have adopted the Action Plan or it has received the Instruction.
- 20.4.5. The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction regarding the Instruction, from the Majority Noteholders as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of the Guarantee. Upon such request, the Majority Noteholders shall give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications, such a time period is to be at least 2 (two) Business Days. The Collateral Agent may refrain from acting unless and until Majority

Noteholders have provided the Collateral Agent with requested instructions or clarifications.

- 20.4.6. The Issuer is required to publish the Action Plan and the Instruction on its website [www.coffeeaddress.com](http://www.coffeeaddress.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 20.4.7. Upon enforcement of the Guarantee, the Guarantors shall make all payments relating to the Guarantee to the Collateral Agent and no payments shall be made by the Guarantors directly to any of the Noteholders. If any such payments have been made by the Guarantors to any of the Noteholders, the Noteholders shall return such payments to the Collateral Agent who shall apply the proceeds from enforcement according to these Terms and Conditions.

## **20.5. Application of the Proceeds from Enforcement of the Guarantee**

- 20.5.1. The proceeds from the enforcement of the Guarantee shall be applied by the Collateral Agent in the following order of priority:
- (a) as the first priority: to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees, valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent pursuant to conditions set out, *inter alia*, in Clauses 20.3.6. and 20.3.9. related to performance of its duties by, or otherwise payable to, the Collateral Agent under these Terms and Conditions, the Guarantee and the Collateral Agent Agreement, including, but not limited to, the enforcement of the Guarantee, representation of the Noteholders (negotiation with the Issuer in the name of the Noteholders and execution of decisions adopted by Noteholders', reporting to Noteholders regarding protection of the Noteholders' interests) incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent, provided that the fees, costs and expenses have occurred on a reasonable market price;
  - (b) as the second priority (after full satisfaction, payment and deduction of all claims and amounts set forth in Clause 20.5.1. (a) of the Terms and Conditions): in payment of the claims of the Noteholders arising under the Terms and Conditions, including, but not limited to, the claims arising from the Notes.
- 20.5.2. The Collateral Agent shall withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent specified in Clause 20.5.1. (a) of the Terms and Conditions and immediately transfer the remaining proceeds to the Noteholders through the intermediary of Nasdaq CSD in accordance with applicable regulations of Nasdaq CSD for satisfying the claims under Clause 20.5.1. (b) of the Terms and Conditions. The Collateral Agent shall immediately return to the Guarantors the proceeds from the enforcement of the Guarantee remaining after satisfying all claims set forth in Clause 20.5.1. of the Terms and Conditions.
- 20.5.3. In case the proceeds remaining after covering the fees, costs, expenses, damages and claims under Clause 20.5.1 (a) of the Terms and Conditions do not cover the claims of the Noteholders under Clause 20.5.1. (b) of the Terms and Conditions in full, these claims of the Noteholders shall be satisfied *pro rata* to the Nominal Value of the Notes held by the Noteholders.
- 20.5.4. The Collateral Agent is not obliged to pay to the Noteholders or any other persons any interest on the proceeds from the enforcement of the Guarantee (whether deposited or not).
- 20.5.5. In case the Collateral Agent is required, under the Applicable Laws, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent.

## **20.6. Liability of the Collateral Agent**

- 20.6.1. If the Majority Noteholders have submitted Instruction to the Collateral Agent, the Collateral Agent is obligated to comply with the Instruction and enforce the Guarantee in accordance with Clause 20.4. (*Enforcement of the Guarantee*). Any such Instruction from the Majority Noteholders will be binding on all Noteholders. The Collateral Agent shall not be liable for any consequences or damages that result from

complying with the Instruction.

- 20.6.2. Notwithstanding Clause 20.6.1. of these Terms and Conditions, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to the Terms and Conditions, the Guarantee, the Collateral Agent Agreement or Applicable Laws or otherwise render it liable to any person. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Noteholders until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including, but not limited to, legal fees) and liabilities which it will or may expend or incur in complying with such instructions.
- 20.6.3. Without prejudice to Clause 20.4.5., Clause 20.6.1. and Clause 20.6.2. of these Terms and Conditions, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its own discretion reasonably believes is in the best interests of the Noteholders. The Collateral Agent shall not be liable to the Noteholders for acting (or refraining from acting) as described in these Terms and Conditions or in accordance with the instruction of the Majority Noteholders and/or the Applicable Laws, and shall not be liable to Noteholders for the outcome of the enforcement of the Guarantee, provided the Collateral Agent has acted in accordance with these Terms and Conditions and the Guarantee, except for losses, damages, costs and expenses incurred by the Noteholders and/or the Collateral Providers due to willful misconduct or gross negligence by the Collateral Agent. The liability of the Collateral Agent is limited to EUR 300,000, save in case of willful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent.

## **20.7. Replacement of the Collateral Agent**

- 20.7.1. Subject to Clause 20.7.9., the Collateral Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Majority Noteholders shall appoint a successor Collateral Agent at a Noteholders' Meeting or by way of the Procedure in Writing.
- 20.7.2. Subject to Clause 20.7.9., if the Collateral Agent is insolvent, the Collateral Agent shall be deemed to resign as Collateral Agent and the Issuer shall within 10 (ten) Business Days appoint a successor Collateral Agent which shall correspond to the requirements provided in Clause 20.7.6.
- 20.7.3. The Issuer shall immediately inform the Noteholders of receipt of the notice of resignation from the Collateral Agent by publishing a relevant notice on its website [www.coffeeaddress.com](http://www.coffeeaddress.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 20.7.4. The Majority Noteholders may, by notice to the Issuer (such notice shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Collateral Agent and appointing a new Collateral Agent. The Issuer may, at a Noteholders' Meeting or by way of the Procedure in Writing initiated or convened by it, propose to the Noteholders that the Collateral Agent be dismissed and a new Collateral Agent appointed.
- 20.7.5. If the Majority Noteholders have not appointed a successor Collateral Agent within ninety 90 (ninety) days after:
- (a) the earlier of the notice of resignation was given or the resignation otherwise took place; or
  - (b) the Collateral Agent was dismissed through a decision by the Majority Noteholders,
- the Issuer shall within 30 (thirty) days thereafter appoint a successor Collateral Agent which shall correspond to the requirements provided in Clause 20.7.6.
- 20.7.6. The successor Collateral Agent shall be a reputable person authorized to act with the Guarantee in favour of all the Noteholders in accordance with these Terms and Conditions and the Collateral Agent Agreement, who has a professional experience in capital markets transactions and expertise for the fulfilment of the tasks as a collateral agent. The Collateral Agent's professional liability shall be insured in the course of performance of Collateral Agent's functions.
- 20.7.7. The retiring Collateral Agent shall, at its own cost, make available to the successor Collateral Agent such documents and records and provide such assistance as the successor Collateral Agent may reasonably request for the purposes of performing its functions as Collateral Agent under these Terms and

Conditions.

- 20.7.8. The Issuer shall execute such documents and take such actions as the new Collateral Agent may reasonably require for the purpose of vesting in such new Collateral Agent the rights, powers and obligation of the Collateral Agent and releasing the retiring Collateral Agent from its further obligations under these Terms and Conditions and the Collateral Agent Agreement. Unless the Issuer and the new Collateral Agent agree otherwise, the new Collateral Agent shall be entitled to the same fees and the same indemnities as the retiring Collateral Agent.
- 20.7.9. The Collateral Agent resignation or dismissal shall only take effect upon the appointment of a successor Collateral Agent and acceptance by such successor Collateral Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Collateral Agent.
- 20.7.10. Upon the appointment of a successor, the retiring Collateral Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Collateral Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Collateral Agent.

## **21. NOTEHOLDERS' MEETINGS AND DECISIONS**

### **21.1. General Provisions**

- 21.1.1. The decisions of the Noteholders (including decisions on amendments to the Terms and Conditions, on amendments or termination of the Collateral Agent Agreement (and consequently designation of a new collateral agent (if applicable)), and granting of consent or waiver or instructions to the Collateral Agent) shall be passed at the Noteholders' Meeting or in Procedure in Writing at the choice of the Issuer. However, the Issuer shall have a right to amend the technical procedures relating to the Notes (including any manifest errors or other inconsistencies) without the decision of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.
- 21.1.2. The Issuer shall have a right to convene the Noteholders' Meeting or instigate the Procedure in Writing at any time, and Issuer shall do so following a written request from the Collateral Agent or Noteholders who, on the day of the request, collectively hold in aggregate the Notes with the Nominal Value representing at least 1/10 (one-tenth) of the aggregate Nominal Value of all outstanding Notes (other than the Notes held by the Issuer, its direct or indirect shareholders and the Related Parties). As a general rule, the Noteholders' Meeting or in Procedure in Writing is convened by a decision of the Issuer.
- 21.1.3. The Issuer may refrain from convening the Noteholders' Meeting or instigating the Procedure in Writing if (i) the suggested decision does not fall under the competence of the Noteholders, or (ii) the suggested decision is not in accordance with the Applicable Laws.
- 21.1.4. In case convening of the Noteholders' Meeting or instigation of the Procedure in Writing is requested to the Issuer by the Collateral Agent or Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting or instigate the Procedure in Writing within 1 (one) month after receipt of the respective Collateral Agent's or Noteholders' written request.
- 21.1.5. All expenses in relation to the convening and holding the Noteholders' Meeting or a Procedure in Writing shall be covered by the Issuer.
- 21.1.6. Only those who were appearing in Nasdaq CSD as the Noteholders by the end of the 5th (fifth) Business Day prior to convening the Noteholders' Meeting and only those who were appearing in Nasdaq CSD as the Noteholders by the end of the 5th (fifth) Business Day after publishing an announcement on instigation of the Procedure in Writing or proxies authorised by such Noteholders, may exercise their voting rights at the Noteholders' Meeting or in the Procedure in Writing. The voting rights of the Noteholders will be determined on the basis of the principal amount of the Notes held.
- 21.1.7. Without amending or varying these Terms and Conditions, the Issuer may prescribe such further regulations regarding the convening and holding of the Noteholders' Meeting or the Procedure in Writing

as the Issuer may deem appropriate. Such regulations may include e.g. a possibility for Noteholders to vote without attending the meeting in person, holding the Noteholders' Meeting in the form of a video conference etc.

## **21.2. Noteholders' Decisions**

- 21.2.1. A Noteholders' Meeting or a Procedure in Writing may make decisions that are binding on the Noteholders on a matter relating to the Terms and Conditions and the Collateral Agent Agreement, as provided in Clause 21.1.1. of the Terms and Conditions. Consent of the Majority Noteholders is required to adopt any decision.
- 21.2.2. Notes held by the Issuer, its direct or indirect shareholders and the Related Parties will not carry the right to vote at the Noteholders' Meetings and will not be taken into account in determining how many Notes are outstanding for the purposes of the present Clauses of these Terms and Conditions.
- 21.2.3. The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take any necessary actions to enforce the decisions of the Noteholders' Meeting or the Procedure in Writing.
- 21.2.4. A matter decided at the Noteholders' Meeting or the Procedure in Writing is binding on all Noteholders, irrespective of whether they were present at the Noteholders' Meeting or participated in the Procedure in Writing. Decisions made at the Noteholders' Meeting or in the Procedure in Writing are deemed to have been received by the Noteholders at the time (i) they have been entered in the issue account maintained by Nasdaq CSD, or (ii) notified to the Noteholders by a notice published in English on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause), provided that a failure to do so shall not invalidate any decision made or voting result achieved. In addition, the Noteholders are obliged to notify subsequent transferees of the Notes of the decisions taken at the Noteholders' Meeting or the Procedure in Writing.
- 21.2.5. Information about decisions taken at the Noteholders' Meeting or the Procedure in Writing shall be provided to the Noteholders in English on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause).

## **21.3. Meetings of the Noteholders**

- 21.3.1. If a decision of the Noteholders is intended to be passed at the Noteholders' Meeting, then a respective notice of the Noteholders' Meeting shall be provided to the Collateral Agent and the Noteholders in English on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Collateral Agent and Noteholders when sent or published in the manner specified in this Clause) no later than 10 (ten) Business Days prior to the meeting. Furthermore, the notice shall specify the time, place and agenda of the meeting, as well as any action required on the part of the Collateral Agent and Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting.
- 21.3.2. The Noteholders' Meeting shall be held in Riga, Latvia, and its chairperson shall be appointed by the Noteholders' Meeting.
- 21.3.3. The Noteholders' Meeting shall be organised by the chairperson appointed the Noteholders' Meeting.
- 21.3.4. The Noteholders' Meeting shall be held in English.
- 21.3.5. Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Noteholders' Meeting.
- 21.3.6. The Collateral Agent shall have a right to participate in all Noteholders' Meetings.
- 21.3.7. Minutes of the Noteholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The

minutes shall be signed by the keeper of the minutes, which shall be appointed by the Noteholders' Meeting. The minutes shall be attested by the chairman of the Noteholders' Meeting, if the chairperson is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders' Meeting to attest the minutes. The minutes from the relevant Noteholders' Meeting shall at the request of a Noteholder or the Collateral Agent be sent to it by the Issuer.

**21.4. Procedure in Writing**

- 21.4.1. If a decision of the Noteholders is intended to be passed by the Procedure in Writing, then a respective communication of the Procedure in Writing shall be provided to the Collateral Agent and the Noteholders in English on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause). Communication to the Noteholders shall include:
- (a) each request for a decision by the Noteholders;
  - (b) a description of the reasons for each request;
  - (c) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
  - (d) information on where to receive a form for replying to the request (such form to include an option to vote "yes" or "no" for each request), as well as a form of a power of attorney;
  - (e) instructions how to execute and submit a form for replying to the request;
  - (f) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant this Clause) and a manner of a reply.
- 21.4.2. When the requisite consents have been received in a Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.
- 21.4.3. The Issuer shall inform the Collateral Agent on the results of the Procedure in Writing and the status of the relevant decision.



## TAXES

### NOTICE

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

### DEFINITION OF RESIDENTS AND NON-RESIDENTS

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

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

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

### TAXATION

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

Legal status of income beneficiary	Notes that are not in the public circulation (not admitted to trading on a regulated market for the purposes of MiFID II)		Condition
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	25.5%	25.5% <sup>1</sup>	<p>25.5% tax from the interest (coupon) income is withheld and transferred to the State budget by the Issuer.</p> <p><sup>1</sup> – Income from disposal of the Notes is considered equivalent to an interest income and taxed in the same way at 25.5% rate in Latvia.</p> <p>Should the total taxable income as defined under the Law "On Personal Income Tax" of an individual resident of Latvia exceed EUR 200,000 in a year, additional tax rate of 3% will</p>

*SIA Coffee Address Holding Offering Memorandum*

			<p>be applicable to the portion of income exceeding EUR 200,000.</p> <p>Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Law "On Personal Income Tax". In such case taxation of income is deferred until the moment when the amount withdrawn from the investment</p>
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	<p>Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's - Latvian company's overall income.</p> <p>The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).</p>
Individual non-resident	5%/20%/25.5% <sup>2,4</sup>	5%/20%/25.5% <sup>2,3,4</sup>	<p>5% tax from interest (coupon) income and a capital gain from the Notes can be withheld and transferred to the State budget by the Issuer of the Notes, if all of the following three criteria are met: (i) the payment is made with the intermediation of an investment service provider, including Nasdaq CSD, and the issue of the Notes is organized by an investment service provider supervised by competent authority supervising financial markets and participants thereof (such as the Bank of Latvia); (ii) the recipient of such income is a resident of the European Union or the European Economic Area and is not engaged in economic activity; (iii) the Notes are not publicly traded.</p> <p>Otherwise 25.5% tax from the interest (coupon) income or an income from disposal of the Notes is withheld and transferred to the State budget by the Issuer.</p> <p><sup>2</sup> - In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023, effective as of 1 July 2023, are subject to</p>

*SIA Coffee Address Holding Offering Memorandum*

			<p>withholding tax of 20% if the payer is a Latvian legal entity.</p> <p><sup>3</sup> - Income from disposal of the Notes is considered equivalent to an interest income and taxed at 25.5% rate.</p> <p><sup>4</sup> - A non-resident individual being a beneficiary of interest (coupon) income or an income from disposal of the Notes could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>
Company non-resident	Not taxable in Latvia <sup>5,6</sup>	Not taxable in Latvia <sup>5,6</sup>	<p>Interest (coupon) income and a capital gain derived by a non-resident company (except a company from no-tax or low-tax countries or territories) are not taxable in Latvia.</p> <p><sup>5</sup> - In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023, effective as of 1 July 2023, are subject to withholding tax of 20% if the payer is a Latvian legal entity.</p> <p><sup>6</sup> - A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>

Source: Applicable Laws of the Republic of Latvia

## TERMS OF THE PRIVATE OFFERING

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### 1.1. Subscription for the Notes

The subscription period ("**Subscription Period**") for the Notes commences on 19 February 2025 at 10:00 Riga time and ends on 25 February 2025 at 17:00 Riga time. In case the total number of the Notes subscribed for during the Subscription Period is larger than the number of the Notes available, the Arranger at its sole discretion has a right to terminate the Subscription Period and announce the completion of the Subscription Period. The termination timing can be different for private investors and institutional investors.

### 1.2. Subscription terms

- 1.2.1. The orders to acquire the Notes ("**Subscription Orders**") can be submitted to the Arranger every Business Day during normal working hours until the end of the Subscription Period. More detailed information on the submission of the Subscription Orders is available by phone (+371 67 081 069).
- 1.2.2. The Subscription Orders can also be submitted to other Custodians, which in turn shall submit orders to the Arranger until the end of the Subscription Period. The form of such Subscription Orders is regulated by contracts between Noteholders and Custodians and by the Applicable Laws.
- 1.2.3. The minimal initial subscription size (the "**Minimum Investment Amount**") is EUR 100,000.00 (one hundred thousand euro). The subscription size should be equal to a multiple of the Settlement Unit Multiple.
- 1.2.4. Total Nominal Value of the Notes to be purchased and provided in each Subscription Order shall be for at least Minimum Investment Amount. Potential Investors have the right to submit several orders during the offering.
- 1.2.5. All Subscription Orders to the Notes shall be considered as binding and irrevocable commitment to acquire the allotted Notes.
- 1.2.6. By submitting the Subscription Order the Potential Investor confirms that it/he/she: (a) has read the Offering Memorandum and understands the Terms and Conditions ; (b) agrees and commits to adhere to the Terms and Conditions; and (c) authorizes and instructs the Custodian, the Arranger, the Issuer, distributors or other parties involved in the Subscription Order submission and/or settlement process, forward and exchange its/his/her personal data and information provided in the Subscription Order.
- 1.2.7. In accordance with Article 5f of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), it is prohibited to sell the Notes to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia. This prohibition shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.
- 1.2.8. In accordance with Article 1y of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), it is prohibited to sell the Notes to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. This prohibition shall not apply to nationals of a Member State of the European Union or to natural persons having a temporary or permanent residence permit in a Member State of the European Union.
- 1.2.9. The First Settlement Date of the Notes is 28 February 2025.
- 1.2.10. All the expenses related to the acquisition and custody of the Notes shall be borne by a Potential Investor in compliance with the pricelist of a credit institution or investment service provider, through which the investor purchases and keeps Notes. The Issuer is not obliged to compensate any such expenses incurred

by the Potential Investor.

### **1.3. Price of the Notes**

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

### **1.4. Allocation of the Notes to Noteholders**

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

### **1.5. Discontinuation of the placement and reduction of the Notes issue size**

- 1.5.1. The Issuer may decide to discontinue placement of the Notes at any time until the end of the Subscription Period.
- 1.5.2. The Issuer may decide on reduction of the Notes issue size.
- 1.5.3. Any Notes that are not issued shall be deleted.

### **1.6. Settlement and delivery of the Notes**

- 1.6.1. The First Settlement Date of the Notes is the Issue Date. All subscription orders that are aggregated during the subscription period with settlement date on the Issue Date will be delivered without accrued interest.
- 1.6.2. The settlement date after the First Settlement Date for the Notes can be any Business Day which is not earlier than the 2nd (second) Business Day and not later than 20th (twentieth) Business Day after Subscription Order is duly submitted to the Arranger.
- 1.6.3. Settlement of the Notes will be executed through Nasdaq CSD in accordance with the DVP (delivery versus payment) principle pursuant to the applicable rules of Nasdaq CSD.
- 1.6.4. The Custodians shall execute payments for the Notes based on the results of the subscription provided by the Arranger. The Notes will be transferred to the Noteholders' financial instrument accounts on the settlement date.
- 1.6.5. Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and a Potential Investor, but in any case, through Nasdaq CSD in accordance with the DVP (*delivery versus payment*) principle pursuant to the applicable rules of Nasdaq CSD.

### **1.7. Pre-emptive rights**

None of Potential Investors has the rights of pre-emption in respect to acquisition of the Notes in the initial placement.

### **1.8. Listing**

- 1.8.1. The Issuer plans to request the admission to trading of the Notes on First North within 6 (six) months after the Issue Date and submit the Offering Memorandum to Nasdaq Riga. The Issuer does not undertake to register the Notes prospectus with the Bank of Latvia or list the Notes on any regulated market.

- 1.8.2. The Issuer has not signed any agreement with any person for liquidity maintenance of the Notes on the secondary market.

## **GENERAL INFORMATION**

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### **GENERAL INFORMATION ON THE ISSUER**

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

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

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

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

### **DECISIONS OF THE COMPANY ON THE NOTES ISSUE**

On 17 February 2025, the Company's shareholders passed the decision to issue the Notes and to authorize the management board to approve and sign all the documents (including the Offering Memorandum and the Collateral Agent Agreement) related to the issuance of the Notes.

On 17 February 2025, the Company's Supervisory Council passed the decision to issue the Notes and to authorize the management board to approve and sign all the documents (including the Offering Memorandum and the Collateral Agent Agreement) related to the issuance of the Notes.

On 17 February 2025, the Company's Management Board passed the decision to issue the Notes and to approve and sign all the documents (including the Offering Memorandum and the Collateral Agent Agreement) related to the issuance of the Notes.

### **AUDITOR**

The Group's consolidated annual reports for 2022 and 2023 have been audited by Sabiedrība ar ierobežotu atbildību "Deloitte Audits Latvia", registration number: 40003606960, legal address: Republikas laukums 2A, Rīga, LV-1010, the Republic of Latvia.

### **ADVISORS INVOLVED IN THE ISSUE**

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

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

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

### **EXTERNAL AUDIT OF THE INFORMATION INCLUDED IN THE OFFERING MEMORANDUM**

The information included in the Offering Memorandum have not been verified by auditors.

### **STATEMENTS OR REPORTS INCLUDED IN THE OFFERING MEMORANDUM**

The Offering Memorandum does not contain any expert statements or reports.

### **CREDIT RATINGS**

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

## BUSINESS DESCRIPTION

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### GROUP OVERVIEW

The Group is the market leader in the Baltics, delivering premium coffee self-service and convenience food solutions through a strategically positioned network of prime locations. With roots dating back to 1993, the Group originally established as three local companies in Lithuania, Latvia, and Estonia. In February 2017, BaltCap Private Equity Fund II SCSp and BaltCap Private Equity Fund II EIF Co-Investment SCSp acquired these companies from Selecta, uniting them under one holding company to form the Group. Under BaltCap's ownership, the Group has successfully consolidated the market by acquiring four strategically aligned companies. This has resulted in a dense and well-optimized network of locations across the Baltics. Additionally, substantial capital investments have modernized the machine park and enhanced operational efficiency through streamlined and digitalized processes.

### STRATEGY OF THE ISSUER

The Issuer aims to expand from its position as the clear Baltic leader to a prominent presence across Central and Eastern Europe (the "CEE") by 2028, leveraging its industry-leading profitability and acquisition expertise as a solid foundation for growth.

The Group aims to achieve significant growth over the next few years through a combination of organic and strategic initiatives:

**Organic growth** – the Group plans to drive growth primarily through optimal utilization of its existing machine park and gradual price increases. Operational efficiencies from ongoing digitalization will further enhance EBITDA performance.

**Investments in new business lines** – the Group plans to expand its operations by investing in a more diversified food offering with a particular focus on fresh food delivered through micro market solutions. This strategic initiative is based on the Group's assessment of market maturity and its experience in the snack business, supplemented by insights gained from several pilot projects. The Group believes that these factors, combined with strong management oversight and strategic focus, position this new business line to be significant contributor to both the sales and EBITDA growth.

**M&A initiatives** – with a proven track record in M&A, the Group aims to accelerate its growth in the CEE region through strategic acquisitions. The focus will be on consolidating the fragmented market, acquiring complementary technologies, and expanding its geographical footprint. These acquisitions will provide the Group with new operational synergies and accelerate its transition from a Baltic leader to a dominant force in Central and Eastern Europe.

### KEY STRENGTHS OF THE ISSUER

**Diverse service offering** – the Group operates across three segments, offering tailored services to meet the needs of different customer groups, including retail chains, large corporations, and public areas. Investments in micro markets will further diversify the Group's business and help to expand the client base.

**Extensive client base** – serving around 5,000 blue-chip customers, including Circle K, Swedbank, SSE Riga, and universities, the Group has a strong track record of long-term contract renewals, driven by high-quality service and strategic partnerships.

**Modern fleet** – the Group maintains a well-kept machine park, with a third of its fleet under 3 years old. It uses top-tier brands like Necta, Franke, Schaerer and Jura, ensuring high-quality service and operational reliability.

**Digital integration and efficiency** – the Group stands out with its proprietary vending management system that integrates AI for route optimization, enhancing operational efficiency and reducing environmental impact, all while providing streamlined digital solutions for B2B customers.

**Strategic supplier relationships** – the Issuer benefits from long-term collaborations with premium coffee suppliers like Lavazza, Illy, Pelican Rouge, and Schirmer Kaffee, ensuring a diversified and high-quality coffee portfolio that

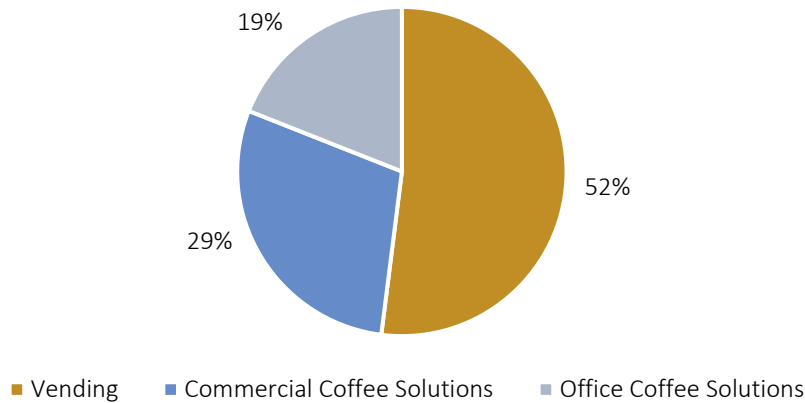


supports consistent service across its segments.

## **BUSINESS SEGMENT OVERVIEW**

The Group operates in three core business segments - vending, commercial coffee solutions, and office coffee solutions - leveraging a diversified machine park of approximately 13,600 units and serving over 5,000 loyal blue-chip clients across multiple industries. This comprehensive approach ensures a tailored, high-quality coffee experience for customers in diverse environments.

**The main business segments of the Group (as percentage of sales in last twelve months ending September 2024)**



**Vending** – the largest segment of the Group’s operations, vending offers premium coffee and snack solutions through approximately 5,700 machines. These machines are strategically located in high-traffic public and private spaces, such as RIX Airport, Maxima, and prominent universities. Supported by advanced AI-enabled management systems, cashless payments (via Nayax and Vendon), and the Coffee Address Club loyalty app, the service includes equipment provision, ingredient supply, and regular maintenance. Key equipment providers include Necta, and the offering spans bean-to-cup coffee machines, snack machines, and water dispensers branded under Coffee Address, Lavazza, and Illy.

**Commercial Coffee Solutions** – this segment is tailored for high-traffic commercial environments, particularly fuel retail and convenience chains, with around 3,000 premium high-capacity bean-to-cup machines in operation. Clients such as Narvesen, Viada, and Olerex benefit from private-label coffee programs sourced from leading international roasters. Services range from equipment sales and maintenance to full solutions, including product and category management. Equipment, sourced from renowned providers like Franke and Scharerer, ensures reliable, high-quality coffee offerings at major fuel stations and convenience outlets.

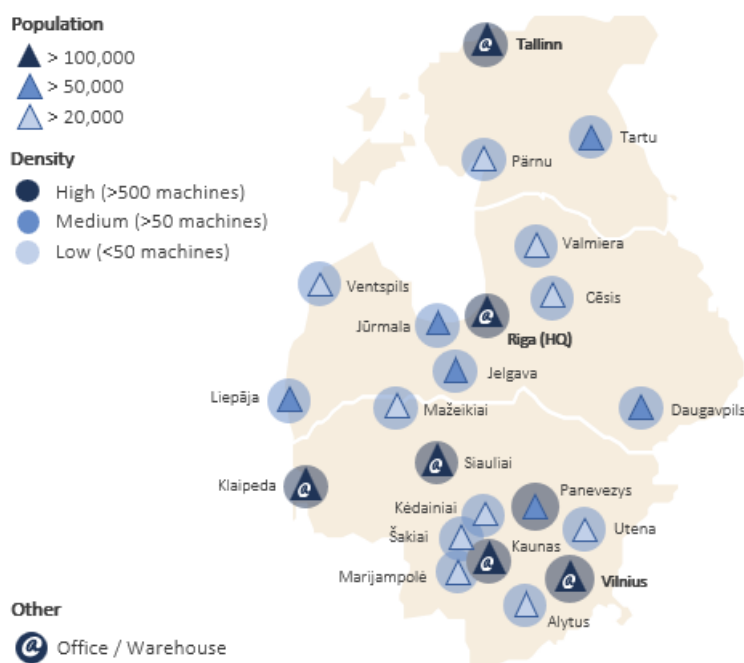
**Office Coffee Solutions** – focused on meeting the needs of large workplaces, this segment offers around 5,000 premium coffee machines to corporate offices such as Swedbank, Telia, and Evolution. These machines cater to low-, medium-, and high-capacity requirements, delivering fresh or instant coffee solutions. Snack offerings can be integrated based on customer needs. Equipment is provided by trusted brands like Jura, Franke, and Necta, and services are often partially managed, with cleaning and filling handled by the clients themselves. This approach ensures seamless operations while enhancing employee satisfaction in corporate settings.

The Group's robust infrastructure, strategic partnerships, and focus on modernization enable it to maintain industry leadership and drive continuous growth across all segments.

## **MARKET OVERVIEW AND COMPETITION**

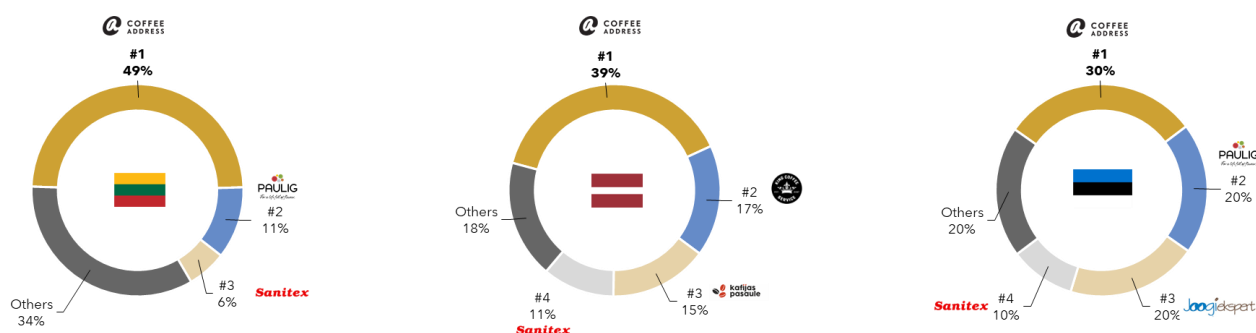
Currently, the Group has a dense presence and a strategic network of locations in key urban areas across all three Baltic States, driving scale and creating attractive economics. Its largest market is Lithuania, accounting for slightly over half of its sales in 2024, followed by Latvia and Estonia. The Group operates warehouses in the capital cities of each Baltic country, as well as in three additional major cities in Lithuania, providing efficient logistical support and enhancing service delivery across its extensive customer base.

## Overview of the Group's geographical presence (as of September 2024)



The Group is the clear market leader across all relevant segments in its operating markets. The Group holds the number one position in Lithuania (estimated market share of 49%), Latvia (42%), and Estonia (30%), making it the largest player at a pan-Baltic level. Through its acquisition strategy, the Group has successfully consolidated the market, with the nearest competitor operating at a significantly smaller scale.

## The Group's positions in relevant market segments



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

The further geographical expansion is planned through the several strategic acquisitions in the CEE area.

## DEMAND TRENDS

Demand for coffee remains consistent even throughout times characterised by low economic growth. Coffee consumption in the Baltics has been one of the fastest growing in Europe, supported by relatively high local coffee cup prices, which provide opportunities for the Group's sustainable expansion. The other CEE markets that are considered for expansion have similar or even more beneficial demand trends.

Key trends driving demand for markets of interest for the Issuer include:

**Convenience** – the trend toward convenient consumption is expected to continue as mobility increases, with consumers spending more time on the go and preferring fast, local, and easily accessible coffee and snack solutions.

**Digitalization** – new technologies such as cashless payments, consumer apps, and telemetry are transforming the coffee industry, offering data-driven insights into customer preferences, inventory levels, and maintenance needs, enabling more targeted sales and streamlined operations.

**Coffee lifestyle** – coffee culture has expanded beyond simple consumption to include an experience-driven approach, with a focus on special blends, premium offerings, and a broader lifestyle connection, presenting new growth opportunities.

**Premiumization** – the coffee industry continues to experience a shift toward premiumization, driven by rising consumer awareness of quality, an increasing demand for specialized coffee, and growing disposable incomes, enhancing consumer preference for high-quality products.

In 2023, the Group observed continued strong growth in demand across its core segments, driven by consumer preferences for premium and convenient solutions. The rollout of new machines and investments in modernizing its fleet have strengthened the Group's position in the market. Throughout 2024, the Group is capitalizing on these demand trends, supported by its expanded machine park, strategic acquisitions, and a focus on delivering high-quality, innovative coffee solutions across the Baltics.

## GROUP STRUCTURE

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

### Subsidiaries of the Issuer

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

## MANAGEMENT OF THE ISSUER

### Management Board

The Management Board of the Issuer serves as the executive body responsible for overseeing and directing the Group's business operations. This includes managing day-to-day activities, representing the organization, and ensuring the diligent fulfilment of its obligations.

As of the date of the Offering Memorandum, the Management Board of the Issuer consists of one member:

Name	Position
Viktorija Meikšāne	Member of the Management Board, Chief Executive Officer of the Group

**Viktorija Meikšāne** is the Chief Executive Officer of the Issuer (and the Group) and has been leading the Group's operations since joining in 2017. She brings extensive expertise in business management and development, drawing on her previous leadership roles in corporate and financial development at esteemed organizations, including Baltcom, Citadele Banka AS, and Ernst & Young.

### Management team of the Group and its key Subsidiaries

In addition to the Chief Executive Officer of the Group, the management team includes the Chief Financial Officer and the Country Managers of the Subsidiaries.

Name	Company	Position
Viktorija Meikšāne	Coffee Address Holding SIA	Chief Executive Officer of the Group
Anda Priedīte	Coffee Address Holding SIA	Chief Financial Officer of the Group
Krīvs Lode	Coffee Address SIA	Chief Executive Officer, Country Manager (Latvia)
Aleksandr Samuchov	Coffee Address UAB and Coffee Address OÜ	Chief Executive Officer, Country Manager (Lithuania and Estonia)

**Anda Priedīte** is the Chief Financial Officer of the Group and has been managing its financial functions since joining the Group in 2018. She brings extensive expertise in financial planning, drawing on her leadership experience as head of the finance department at Baltcom, as well as her previous role at Riga International Airport.

**Krīvs Lode** has been the Country Manager for Coffee Address SIA since 2020. He brings extensive experience in retail operations, having served as Retail Director at Narvesen. His career also includes leadership roles at Circle K and Rautakesko, where he gained deep expertise in retail management, strategic planning, and operational excellence.

**Aleksandr Samuchov** has been the Chief Executive Officer and Country Manager for Coffee Address UAB in Lithuania since 2018 and took on the role of the Country Manager for Coffee Address OÜ in Estonia as well. His previous experience includes business development roles at ZTE Enterprise and TEO LT, where he led B2B operations and managed significant budgets, driving digital transformation and strategic growth.

Following the best corporate governance practices, the Existing Shareholders have appointed the Supervisory Council of the Issuer that includes four highly experienced professionals, where two of them are independent members.

#### Supervisory Council

Name	Position
Baiba Anda Rubesa	Chairperson of the Supervisory Council (independent)
Sandijs Āboliņš-Ābols	Deputy Chairperson of the Supervisory Council
Dagnis Dreimanis	Member of the Supervisory Council
Michael Wagner	Member of the Supervisory Council (independent)

**Baiba Anda Rubesa** serves as the Chairperson of the Supervisory Council of the Issuer. She joined the Supervisory Council as an independent member in December 2018. Ms. Rubesa is also the Chairperson of the Supervisory Council of HansaMatrix and IGLU, and serves on the Supervisory Council of Gren, contributing to ESG and HR committees. As the co-founder of Novatore and owner of RFactor, she offers consulting and mentoring services to business leaders. Ms. Rubesa's extensive leadership experience spans roles in notable organizations like Latvenergo, Citadele Bank, and the Foreign Investors Council in Latvia.

**Sandijs Āboliņš-Ābols** has been the Deputy Chairperson of the Supervisory Council of the Issuer since 2017, coinciding with BaltCap's investment in the Issuer. A member of the BaltCap team since 2002, he actively contributes to the portfolios of the Issuer, IGLU, and Adoro, and has been involved in past investments like Uprent, Runway, and Depo DIY. Prior to BaltCap, Mr. Āboliņš-Ābols worked as a credit risk manager at the Latvian Savings Bank. He holds an MBA from the Weatherhead School of Management.

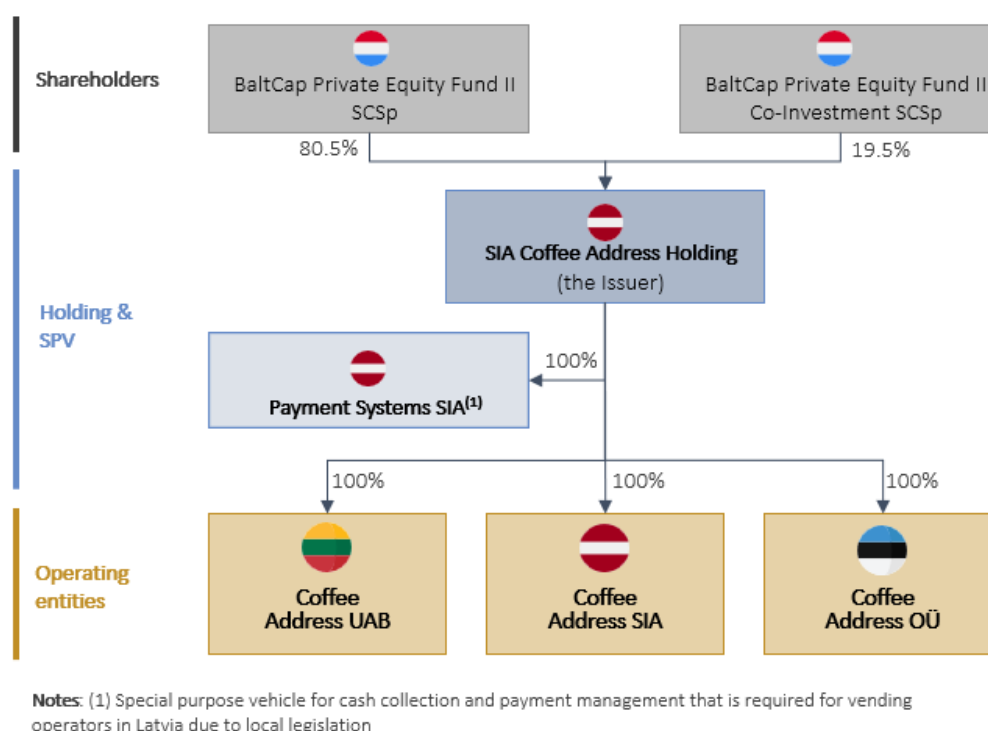
**Dagnis Dreimanis** has served on the Supervisory Council of the Issuer since BaltCap's investment in 2017. Joining BaltCap in 2000, he established the Latvian office and has contributed to numerous successful investments, including Intrac, Runway, and Depo DIY. Currently, he is involved with HansaMatrix in BaltCap's portfolio. Before BaltCap, Mr. Dreimanis worked as a financial advisory services manager at PwC. He holds a BSBA in Finance and Economics from Slippery Rock University of Pennsylvania, is a CFA charterholder, and earned an EMBA from UCLA/NUS in 2016.

**Michael Wagner** has been an independent member of the Supervisory Council of the Issuer since June 2018. He is the Chief Executive Officer of Premium Coffee Group AG and an entrepreneur with Iconic Capital Group AG, specializing in coffee and convenience retail solutions. Previously, Mr. Wagner was International Sales Director at Selecta. He brings extensive expertise in sales, business development, and strategic execution within multinational organizations.

## ISSUER'S SHAREHOLDER STRUCTURE

Since 2017, the Company has been owned by its Existing Shareholders. BaltCap stands out as the leading private equity manager in the Baltic States, specializing in buyout, growth, venture, and infrastructure investments. Founded in 1995, BaltCap has invested in approximately 120 companies across diverse industry sectors, raising a total of over €900 million in capital.

**Issuer's shareholder and Group's structure**



## FINANCING STRATEGY OF THE GROUP

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

## OVERVIEW OF THE GROUP'S FUNDING STRUCTURE

The Group employs a variety of financing sources, including bank loans, shareholder equity, subordinated debt from the Existing Shareholders, financial leasing, operating leasing, and deferred payment structures in acquisitions. The Group's funding is supported through mechanisms such as loans from leading Baltic financial institutions, commercial pledges on shares and assets, and contributions from the Existing Shareholders. In May 2023, the Group fully refinanced the liabilities of the Issuer to Luminor Bank AS with a loan from AS "SEB banka", further consolidating its financial position. Additionally, the Group maintains financial commitments under leases for equipment and vehicles to support its operational requirements.

To ensure financial flexibility and support its strategic objectives, the Group plans to use the proceeds from the Notes issue for general corporate purposes. This includes financing potential growth opportunities, M&A transactions, and other initiatives aimed at driving long-term business expansion.

Funding structure of the Group

Funding type	31.12.2023 audited	30.09.2024 unaudited	Comment
Issued capital & share premium	17 242	17 242	Share capital and premium.
Retained earnings	-2 537	-2 011	Previous period loss and current period profit.
<b>Total Equity</b>	<b>14 705</b>	<b>15 232</b>	
Subordinated debt	4 581	4 749	Loans from the Existing Shareholders subordinated to the existing notes of the Issuer (ISIN: LV0000802585 with maturity on 30 June 2025) (the “Existing Notes”) (the principal amount and interest of the subordinated debt is payable only after settlement of all of the obligations under the Existing Notes). All existing and future loans received from the Issuer’s shareholders will be subordinated to the Notes.
<b>Adjusted Equity</b>	<b>19 287</b>	<b>19 980</b>	
Bank loan	13 245	11 407	A loan provided by AS “SEB banka” that is senior to the Notes.  The Issuer’s debt to AS “SEB banka” <i>inter alia</i> is secured by the pledges over shares and assets of the Issuer and the Guarantors, as well as guarantees provided by the Guarantors.  The maturity date of the monthly amortization payments is 29 May 2026.
Bank overdraft	314	745	An overdraft (credit line) provided by AS “SEB banka” for financing of working capital needs of the Issuer that is senior to the Notes.  The Issuer’s debt to AS “SEB banka” <i>inter alia</i> is secured by the pledges over shares and assets of the Issuer and the Guarantors, as well as guarantees provided by the Guarantors.  The maturity date of the current bank overdraft is 29 May 2025 with an option to extended it.
Existing Notes	5 000	5 000	Existing Notes maturing on 30 June 2025.
Obligations under finance leases	474	649	As set out in the financial lease agreements entered into between AS “SEB banka” and Luminor Bank AS. Lease of equipment.
Financial liabilities for right-of-	1 366	1 116	Lease of vehicles under IFRS 16.

use assets (IFRS 16)			
<b>Total Financial Indebtedness</b>	<b>20 399</b>	<b>18 917</b>	
<b>TOTAL FUNDING</b>	<b>39 686</b>	<b>38 898</b>	

#### **LEGAL PROCEEDINGS AND ARBITRATIONS**

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

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

Since the date of the Group's unaudited consolidated financial report for the first nine months of 2024, the financial situation or performance of the Group has not significantly worsened. The Group is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Group in future.

#### **MATERIAL CONTRACTS**

The Issuer has issued the Existing Notes (ISIN: LV0000802585 with maturity on 30 June 2025) in the amount of EUR 5,000,000, as well as entered into intra-group financing agreements with each of its Subsidiaries. Apart from the Existing Notes and the intra-group financing agreements with the Subsidiaries, the Issuer is not aware of any other important agreements or internal decisions that could have been concluded or made within the Group or between the Group and any related company and that could affect the Company's ability to fulfil its obligations to the Noteholders under the Notes.

#### **SIGNIFICANT RECENT AND KNOWN TRENDS**

At the date of the Offering Memorandum, the Issuer has no information at its disposal regarding any known trends that have negatively affected the Group or the activity, apart from the aforementioned impact.

## SELECTED FINANCIAL INFORMATION OF THE GROUP

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### GENERAL

The Group's financial reports will be available on the Nasdaq Riga website following to the admission of the Notes to trading on First North, as well as on the Issuer's website [www.coffeeaddress.com](http://www.coffeeaddress.com).

The tables below present key selected financial information for the Group and have been derived from the Group's audited consolidated financial statements as at and for the financial year ended 31 December 2022 and 31 December 2023, and the Group's unaudited consolidated interim financial statements as at and for the period ended 30 September 2024, and the Group's unaudited consolidated interim financial statements as at and for the period ended 30 September 2023.

The Group's financial reports for the years 2022 and 2023 have been prepared in accordance with International Reporting Standards (IFRS) and audited by Sabiedrība ar ierobežotu atbildību "Deloitte Audits Latvia".

### CONSOLIDATED STATEMENT OF INCOME

EUR'000	31.12.2022 audited	31.12.2023 audited	9M 2023 unaudited	9M 2024 unaudited
Revenue	39 101	44 190	32 629	32 431
Cost of goods sold	20 247	23 802	17 678	17 049
<b>Gross profit</b>	<b>18 854</b>	<b>20 388</b>	<b>14 951</b>	<b>15 382</b>
<i>Gross profit margin</i>	<i>48.2%</i>	<i>46.1%</i>	<i>45.8%</i>	<i>47.4%</i>
Personnel costs	8 638	9 094	6 718	7 016
Other operating costs	3 425	3 689	2 583	2 472
Disposal of fixed assets	97	10	-14	-97
<b>EBITDA</b>	<b>6 694</b>	<b>7 595</b>	<b>5 664</b>	<b>5 992</b>
<i>EBITDA margin</i>	<i>17.1%</i>	<i>17.2%</i>	<i>17.4%</i>	<i>18.5%</i>
Depreciation & amortization	4 533	5 058	3 767	3 897
<b>Operating profit</b>	<b>2 161</b>	<b>2 537</b>	<b>1 897</b>	<b>2 096</b>
Net finance expenses	1 431	2 001	1 449	1 515
<b>Earnings before taxes</b>	<b>730</b>	<b>536</b>	<b>448</b>	<b>580</b>
Income tax	212	267	-41	54
<b>Net profit</b>	<b>518</b>	<b>269</b>	<b>489</b>	<b>526</b>
<i>Net profit margin</i>	<i>1.3%</i>	<i>0.6%</i>	<i>1.5%</i>	<i>1.6%</i>



**CONSOLIDATED BALANCE SHEET**

EUR'000	31.12.2022 audited	31.12.2023 audited	30.09.2023 unaudited	30.09.2024 unaudited
Property, plant and equipment	16 407	15 497	16 258	15 362
Intangible assets	25 288	25 430	25 356	25 333
Non-current financial assets	140	150	146	168
Deferred tax assets	363	0	363	0
<b>Non-current assets</b>	<b>42 198</b>	<b>41 076</b>	<b>42 123</b>	<b>40 862</b>
Inventories	5 071	4 982	4 697	5 470
Trade receivables	2 386	2 441	2 261	2 095
Prepayments and other receivables	1 166	1 025	1 159	1 011
Cash	1 725	1 248	2 003	1 289
<b>Current assets</b>	<b>10 348</b>	<b>9 696</b>	<b>10 121</b>	<b>9 864</b>
<b>TOTAL ASSETS</b>	<b>52 546</b>	<b>50 773</b>	<b>52 244</b>	<b>50 727</b>
Issued capital	6 086	6 086	6 086	6 086
Share premium	11 156	11 156	11 156	11 156
Retained earnings	-3 323	-2 805	-2 805	-2 537
Profit for the year	518	269	489	526
<b>Total Equity</b>	<b>14 437</b>	<b>14 705</b>	<b>14 926</b>	<b>15 232</b>
Interest-bearing loans	6 241	11 145	11 418	9 426
Existing Notes	8 000	5 000	5 000	5 000
Loan from shareholders	4 377	4 581	4 532	4 749
Other non-current financial liabilities	2 035	1 694	2 099	1 247
Deferred income non-current	1 566	959	1 086	455
Deferred tax liability	398	282	398	391
Provisions	40	39	42	44
<b>Non-current liabilities</b>	<b>22 658</b>	<b>23 700</b>	<b>24 575</b>	<b>21 313</b>
Trade payables	3 170	4 788	3 869	4 362
Interest-bearing loans	5 523	2 888	3 061	3 375
Other current financial liabilities	2 228	876	789	937
Deferred income current	641	604	641	639
Other current liabilities	3 889	3 212	4 383	4 869
<b>Current liabilities</b>	<b>15 451</b>	<b>12 367</b>	<b>12 742</b>	<b>14 182</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>52 546</b>	<b>50 773</b>	<b>52 244</b>	<b>50 727</b>

CONSOLIDATED CASH FLOW STATEMENT

EUR'000	31.12.2022 audited	31.12.2023 audited	9M 2023 unaudited	9M 2024 unaudited
Profit before tax	730	536	448	580
Depreciation & amortizations	4 533	5 058	3 767	3 897
Net foreign exchange differences	6	4	4	3
gains/loss from disposal of PPE	97	10	-39	-97
Finance costs	1 425	1 996	1 445	1 512
Movement in other provisions	18	-2	2	5
Net working capital adjustments	-2 226	306	1 191	464
Interest paid	-1 252	-1 750	-1 259	-1 240
<b>Net CF from operating activities</b>	<b>3 331</b>	<b>6 159</b>	<b>5 559</b>	<b>5 124</b>
Proceeds from sale of PPE	272	81	58	145
Purchase of PPE	-3 090	-3 388	-2 984	-3 269
<b>Net CF from investing activities</b>	<b>-2 818</b>	<b>-3 307</b>	<b>-2 926</b>	<b>-3 124</b>
Receipt of shareholder investment	500	-	-	-
Existing Notes	8 000	-	-	-
Payment of finance lease liabilities	-1 359	-1 120	-814	-904
Government support (tax loans)	-3 234	-1 541	-1 309	-
Proceeds from borrowings	1 468	1 387	1 210	785
Repayment of borrowings	-5 886	-2 050	-1 437	-1 838
<b>Net CF from financing activities</b>	<b>-511</b>	<b>-3 325</b>	<b>-2 351</b>	<b>-1 957</b>
Net foreign exchange difference	-6	-4	-4	-3
<b>Cash at the start of the year</b>	<b>1 729</b>	<b>1 725</b>	<b>1 725</b>	<b>1 248</b>
Net increase in cash	-4	-477	278	41
<b>Cash at the end of the year</b>	<b>1 725</b>	<b>1 248</b>	<b>2 003</b>	<b>1 289</b>