

Limited Liability Company  
**“Coffee Address Holding”**

(UNIFIED REGISTRATION NUMBER 40203047754)



# CONSOLIDATED ANNUAL REPORT

**for the period ended 31 December 2023**  
(6th financial year)

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

**Riga, 2024**

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

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# GENERAL INFORMATION

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<b>Name of the Parent company</b>	Coffee Address Holding	
<b>Legal status of the Parent company</b>	Limited Liability Company	
<b>Unified registration number, place and date of registration of the Parent company</b>	40203047754 Riga, 02.02.2017	
<b>Legal address of the Parent company</b>	Jaunmoku street 34, Riga, Latvia, LV-1046	
<b>Shareholder of the Parent Company</b>	BaltCap Private Equity Fund II SCSp (80.46664%) BaltCap Private Equity Fund II Co-Investment SCSp (19.53336%)	
<b>Board members of the Parent company</b>	Viktorija Meikšāne, board member from 07.03.2017	
<b>Companies in the Group</b>	<p>COFFEE ADDRESS SIA, acquired on 14 March 2017 Mūksalas street 42, Riga, Latvia, LV-1004</p> <p>COFFEE ADDRESS UAB, acquired on 14 March 2017 Parko 39, Avižieniai, Vilniaus r., Lithuania, LT-14198</p> <p>COFFEE ADDRESS OU, acquired on 14 March 2017 Osmussaare tee 5/ Taevakivi 1, Tallinn, Estonia, 13811</p> <p>PAYMENT SYSTEMS SIA, established on 21 May 2018 Kauguru street 6, LV-1046, Riga, Latvia, LV-1046</p>	
<b>Financial period</b>	January 1 – December 31, 2023	
<b>Auditors</b>	<p>Inguna Stasa LR Certified Auditor Certificate Nr. 145</p>	<p>SIA „Deloitte Audits Latvia” Republikas laukums 2A, Riga Latvia, LV – 1010 Licence Nr.43</p>

# MANAGEMENT REPORT

## GENERAL INFORMATION

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

Coffee Address Group has 300 employees covering 100% of the Baltic countries geographically with offices in Tallinn, Tartu, Vilnius, Riga, Liepāja, Daugavpils, Kaunas and Klaipeda. There are more than 14 000 coffee machines in the market, and we are proud to serve over 250,000 cups of coffee a day.

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



**301**

Employees



**14 000**

Coffee machines  
in the market



**1000 t**

Coffee sold per  
year



**5 100**

Satisfied  
customers



**3 Countries**

Number 1 market  
position in all  
Baltic states

## OVERVIEW OF THE GROUP'S STATUS AND RESULTS OF OPERATION

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

In 2023, the Group demonstrated solid financial performance with sales reaching 44 mln. EUR, which is 13% increase compared to 2022 and profit reaching 269 thous. EUR.

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

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

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

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

# MANAGEMENT REPORT (CONTINUED)

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## THE MAIN TYPES OF RISKS

**Coffee Address Group faces the following key risks:**

### Interest rate risk

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

### Foreign currency risk

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

### Commodity price risk

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

### Liquidity and cash flow risk

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

The Group balances debts' payment terms of customers and suppliers. As at 31 December 2023 the Group's current liabilities exceed current assets. The Group management has reasonable expectations to cover liquidity gap by operating cashflows and use available overdraft if such need arises. The Group management has performed detailed cash flow forecast and monitoring them on monthly bases. The Group's management believes that financial position remains stable, and it is capable to continue its activities and keep healthy level of investments for at least one year period after the issue of these financial statements.

## EVENTS AFTER THE REPORTING PERIOD

There are no subsequent events that could have a material impact on the financial statements.

Viktorija Meikšāne  
Member of the Board

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# STATEMENT OF MANAGEMENT RESPONSIBILITIES

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The management of Coffee Address Holding SIA confirms that the consolidated financial statements have been prepared in accordance with the applicable legislation requirements and present a true and fair view of the financial position as at 31 December 2023 and its financial performance and cash flows for the year then ended.

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

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

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

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 EUR	2022 EUR
Revenue	5	44 190 162	39 101 194
Materials and consumables		(23 801 723)	(20 247 004)
Personnel costs	6	(9 093 869)	(8 637 975)
Other operating costs	7	(3 689 341)	(3 425 347)
Loss from disposal of fixed assets, net		(10 272)	(97 333)
Depreciation and amortization	10, 12	(5 058 448)	(4 532 953)
<b>OPERATING PROFIT</b>		<b>2 536 509</b>	<b>2 160 582</b>
Finance income		3 386	-
Finance costs	8	(2 003 992)	(1 430 856)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>535 903</b>	<b>729 726</b>
Income tax expense	9	(267 289)	(212 082)
<b>PROFIT FOR THE YEAR</b>		<b>268 614</b>	<b>517 644</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE PROFIT FOR THE YEAR, NET OF TAX</b>		<b>268 614</b>	<b>517 644</b>
Profit attributable to Equity holders of the Parent of the Company		268 614	517 644
Comprehensive profit attribute to Equity holders of the Parent of the Company		268 614	517 644

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

Viktorija Meikšāne  
Member of the Board

Anda Priedīte  
Group Chief Financial Office

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# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	2023	2022
		EUR	EUR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	15 496 837	16 406 860
Intangible assets	10	25 429 885	25 287 750
Non-current financial assets		149 701	140 211
<b>TOTAL</b>		<b>41 076 423</b>	<b>41 834 821</b>
<b>CURRENT ASSETS</b>			
Inventories	14	4 982 225	5 022 751
Trade receivables	15	2 441 307	2 433 947
Prepayments and other receivables	16	1 024 541	1 165 946
Cash	17	1 248 142	1 725 237
<b>TOTAL</b>		<b>9 696 215</b>	<b>10 347 881</b>
<b>TOTAL ASSETS</b>		<b>50 772 638</b>	<b>52 182 702</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued capital	18	6 086 215	6 086 215
Share premium	18	11 156 085	11 156 085
Retained earnings		(2 805 420)	(3 323 064)
Profit for the year		268 614	517 644
<b>TOTAL Equity attributable to equity holders of the parent</b>		<b>14 705 494</b>	<b>14 436 880</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	19	11 145 309	6 241 184
Issued bonds	24	5 000 000	8 000 000
Loan from shareholders	19	4 581 211	4 377 294
Other non-current financial liabilities	20	1 694 434	2 035 271
Deferred income		958 950	1 565 548
Deferred tax	9	281 621	35 248
Provisions	21	38 678	40 354
<b>TOTAL</b>		<b>23 700 203</b>	<b>22 294 899</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	22	4 787 716	3 169 701
Interest-bearing loans and borrowings	19	2 887 700	5 522 940
Other current financial liabilities	20	875 775	2 228 261
Deferred income		603 652	640 815
Income tax payable		27 641	33 400
Other current liabilities	23	3 184 457	3 855 806
<b>TOTAL</b>		<b>12 366 941</b>	<b>15 450 923</b>
<b>TOTAL LIABILITIES</b>		<b>36 067 144</b>	<b>37 745 822</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50 772 638</b>	<b>52 182 702</b>

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

Viktorija Meikšāne  
Member of the Board

Anda Priedīte  
Group Chief Financial Office

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# CONSOLIDATED STATEMENTS OF CASH FLOW

	Notes	2023 EUR	2022 EUR
<b>OPERATING ACTIVITIES</b>			
<b>Profit /(loss) before tax</b>		<b>535 903</b>	<b>729 726</b>
Adjustments to reconcile profit before tax to net cash flows:			
o depreciation and impairment of property, plant and equipment	12	4 863 056	4 345 737
o amortization and impairment of intangible assets	10	195 391	187 216
o net foreign exchange differences	8	4 319	6 103
o (gain) loss from disposal of property, plant and equipment		10 272	97 333
o finance costs	8	1 996 287	1 424 753
o movement in other provisions		(1 676)	17 615
Working capital adjustments:			
o decrease (increase) in trade and other receivables and prepayments		124 555	(1 098 226)
o decrease (increase) in inventories		40 526	(1 334 756)
o increase in trade payables and other liabilities		141 091	207 406
		<b>7 909 724</b>	<b>4 582 907</b>
Interest paid		(1 750 474)	(1 252 333)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>6 159 250</b>	<b>3 330 574</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		80 621	271 971
Purchase of property, plant and equipment, net	10, 12	(3 387 679)	(3 089 805)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(3 307 058)</b>	<b>(2 817 834)</b>
<b>FINANCING ACTIVITIES</b>			
Shareholder loans		-	500 000
Loan issued to refinance bonds		3 000 000	-
Bonds repaid		(3 000 000)	-
Bonds issued		-	8 000 000
Payment of lease liabilities		(1 120 327)	(1 358 933)
Government support: tax loan increase or (decrease)		(1 541 091)	(3 234 292)
Proceeds from borrowings		1 386 625	1 468 000
Repayment of borrowings		(2 050 176)	(5 885 502)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3 324 969)</b>	<b>(510 727)</b>
<b>Net foreign exchange difference</b>		<b>(4 319)</b>	<b>(6 103)</b>
<b>Net decrease in cash</b>		<b>(477 095)</b>	<b>(4 090)</b>
<b>Cash at the beginning of the year</b>		<b>1 725 237</b>	<b>1 729 327</b>
<b>CASH AT THE END OF THE YEAR</b>		<b>1 248 142</b>	<b>1 725 237</b>

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

Viktorija Meikšāne  
Member of the Board

Anda Priedīte  
Group Chief Financial Office

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# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the parent

	Issued capital	Share premium	Retained earnings	Total
<b>BALANCE AS AT 31 DECEMBER 2021</b>	<b>6 086 215</b>	<b>11 156 085</b>	<b>(3 323 064)</b>	<b>13 919 236</b>
Profit for the reporting period	-	-	517 644	517 644
Total comprehensive income	-	-	517 644	517 644
<b>BALANCE AS AT 31 DECEMBER 2022</b>	<b>6 086 215</b>	<b>11 156 085</b>	<b>(2 805 420)</b>	<b>14 436 880</b>
Profit for the reporting period	-	-	268 614	268 614
Total comprehensive income	-	-	268 614	268 614
<b>BALANCE AS AT 31 DECEMBER 2023</b>	<b>6 086 215</b>	<b>11 156 085</b>	<b>(2 536 806)</b>	<b>14 705 494</b>

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

Viktorija Meikšāne  
Member of the Board

Anda Priedīte  
Group Chief Financial Office

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 1. CORPORATE INFORMATION

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

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

The consolidated financial statements of SIA Coffee Address Holding ((and its subsidiaries (collectively, The Group) for the year

ended 31 December 2023 were authorized for issue in accordance with a resolution of the Management board on 24 April 2024.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ***Basis of preparation***

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The consolidated financial statements of the Group have been prepared in accordance with International Reporting Standards (IFRS) as adopted by the European Union.

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

indicated. The financial statements cover the period 1 January 2023 through 31 December 2023.

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

### ***Basis of consolidation***

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The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiaries as at 31 December 2023. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

### ***Going concern***

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The consolidated financial statements are prepared on the basis that the Group will continue as going concern. Group's net cash flows from operating activities is showing stable financial performance. Group's profit for the financial year ended 31 December 2023 are EUR 269 thousand EUR.

As at 31 December 2023 the Group's current liabilities exceed current assets by 2 671 thousand EUR. Please see additional information in Note 26.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Going concern (continued)**

The Group management has reasonable expectations to cover liquidity gap by operating cashflows and use available overdraft if such need arises. The Group management has performed detailed cash flow forecast and monitoring them on monthly bases. The Group's management believes that financial position remains stable and it is capable to continue its activities and keep healthy level of investments for at least one year period after the issue of these financial statements.

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

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

### **Estimates and assumptions**

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

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

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

The assumptions and sensitivity of main assumptions are disclosed:

- o Goodwill – Note 11;
- o Sales and repurchase agreement – Note 20
- o Recoverability of deferred tax assets – Note 9.
- o Management judgement related to the term of the lease and discount rate – Note 2 IFRS 16 Leases
- o As the Group controls dividend policies of the subsidiaries the Group does not recognize deferred tax liability in the respect of profits generated in Latvia and Estonia where in the accordance with the tax legislation Corporate income tax is paid only for distributed profits.

### **Changes in accounting policy and disclosures**

#### **Estimates and assumptions**

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standard	Title
IFRS 17	New standard IFRS 17 "Insurance Contracts" including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules*

\*exception specified in amendments to IAS 12 (that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### ***New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective***

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

Standard	Title	Effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants	1 January 2024

### ***New and revised IFRS Accounting Standards in issue but not adopted by the EU***

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at 15 March 2024:

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 21	Lack of Exchangeability (IASB effective date: 1 January 2025)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

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

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

### ***Business combinations and goodwill***

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

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### ***Business combinations and goodwill (continued)***

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the

from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### ***Current versus non-current classification***

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### ***Foreign currency translation***

The Group's consolidated financial statements are presented in euros, which is also the parent company's and all subsidiaries functional currency. The Group uses the direct method of

consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### ***Fair value measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability where the principal or the most advantageous market must be accessible by the Group.

For disclosures the fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### ***Fair value measurement (continued)***

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

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

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

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

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

### ***Revenue from Contracts with Customers***

#### ***Sale of goods and service***

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

- o Sale of goods purchased (ingredients, drinks and snacks and etc.) – the Group recognizes revenues from sale of goods at point in time when goods are dispatched from the warehouse for delivery to customer and sales invoice is issued.
- o Sale of equipment purchased – the Group recognizes revenues from sale of equipment (coffee machines) are recognized at point in time when equipment transferred to the customer. The Group do not provide any warranties beyond legally required assurance-type warranties and thus do not have a separate performance obligation in respect of warranties for revenue recognition. Warranties are compensated by the suppliers of equipment.
- o Rent of equipment and maintenance service- the Group provides installation and maintenance services that are bundled together with the rent of equipment to a customer. The Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, therefore, income is recognized over the period on a straight-line basis in the statement of profit or loss and other comprehensive income.
- o Standing vending machines – the Group recognizes revenues from sale of goods in vending machines at point in time when goods are transferred to the customer.

Group's revenues are recognized based on identified performance obligations at the pre-agreed fixed price and discounts, if any, for the goods delivered or services provided. For

some of the customers price of coffee beans includes price for two performance obligations: coffee beans and rent and maintenance services. In such cases allocation of transaction price to each performance obligation identified in the contract is done on a relative stand-alone selling price basis using proportion of stand-alone selling price of coffee beans sales and sales of rent and maintenance services sold separately for similar customer in similar circumstances.

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

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

The Group had no liabilities for returns and refunds accounted as at 31 December 2023 and 31 December 2022 as the amounts considered as insignificant.

#### ***Sale and repurchase agreements***

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Revenue from Contracts with Customers (continued)**

#### **Significant financing component**

Generally, the Group receives short-term advances from its customers (from contracts with customers). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Each advanced payment received is evaluated on a case-by-case basis for materiality, for the purpose it was made and who has the discretion right of the use. If analysis performed shows that the advance received contains a significant component of financing, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

#### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration. The Group had no such assets as at 31 December 2023 and 31 December 2022.

#### **Receivables**

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

### **Financial Instruments**

#### **Financial liabilities are classified as follows:**

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

#### **Financial assets at amortized cost**

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

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

#### **Contract liabilities**

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

#### **Deferred sales commissions expenses**

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

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

#### **Financial liabilities at amortized cost**

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Financial Instruments (continued)**

#### **Initial recognition of financial assets**

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

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

#### **Derecognition of financial assets**

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

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

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

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

### **Corporate income tax**

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

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

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

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

#### **Allowance for expected credit losses**

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

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

#### **Initial recognition of liabilities**

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

#### **Trade receivables from contracts with customers**

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Corporate income tax (continued)**

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

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- o In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **Taxation in Latvia**

Corporate income tax is calculated according to the Corporate Income Tax Law of the Republic of Latvia, which has been in force as of 1 January 2018. Legal entities have not been required to pay

income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia.

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

#### **Taxation in Estonia**

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

As a Parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries in Latvia and Estonia using tax rate applicable to distributed profits. In cases the parent company has determined that subsidiary's profits will not be distributed in the foreseeable future the parent does not recognize deferred tax assets and liabilities.

#### **Taxation in Lithuania**

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Sales tax**

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

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

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

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

### **Intangible assets**

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

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

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

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

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

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

### **Property, plant and equipment**

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

The Group from 2022 changed the useful lives of assets (machinery and equipment). The actual useful lives of assets were calculated and the depreciation period was changed prospectively. As a result the depreciation costs for the reporting period were decreased by 1 280 thousand EUR than in the case the depreciation rates had not been revised. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows: Expected useful lives of assets by group are the following:

<b>Property, plant and equipment groups</b>	<b>Expected useful lives (years)</b>
Equipment and machinery	5-10
Office and warehouse equipment	3-5
IT Hardware	3-5

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### ***Property, plant and equipment (continued)***

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

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

### ***Inventories***

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

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

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

### ***Financial liabilities***

#### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as:

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

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

#### ***Loans and borrowings***

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

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

#### ***Shareholders loan***

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

#### ***Derecognition***

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

#### ***Offsetting of financial instruments***

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Impairment of non-financial assets**

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

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

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

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

### **IFRS 16: Leases**

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

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

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

The right-of-use asset is depreciated and tested for impairment like any other non-current asset owned by the entity. Interest costs arising from discounting are recognized for the lease liability.

The Group's lease portfolio:

#### Real estate leases

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

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

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

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

The Group estimated the fair value of right-of-use assets using the discount rate which equals the interest rate on financial lease liabilities (2023: 3,75% - 4,25% + Euribor 3M; 2022: 4,25% + Euribor 6M).

#### Leases of vehicles

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

The Group estimated the fair value of right-of-use assets using the discount rate which equals the interest rate on financial lease liabilities (2023: 3,75% - 4,25% + Euribor 3M, in 2022: 4,25% + Euribor 6M).

#### Leases of IT equipment

The Group leases IT equipment such as computers, printing and photocopying machines with contract terms of 1 to 3 years. The leases are short term and/ or leases of low value items. The Group has elected no to recognize right of use assets for these leases.

#### Vending machine space rent

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Cash**

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

#### **Cash in vending machines**

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

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

### **Borrowing costs**

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

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

### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### **Defined benefit pension plan**

The Group operates a state-defined benefit pension plan in Lithuania. To determine the net defined benefit liability actuarial valuation method is applied. The determination of the defined benefit liability is carried out with sufficient regularity such that the amounts recognized in the consolidated financial statements do not differ materially from those that would be determined at end of the reporting period.

The present value of an entity's defined benefit obligations is determined using the projected unit credit method which sees

each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. Benefit is attributed to periods of service using the plan's benefit formula.

#### **Actuarial assumptions used in measurement**

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### ***Related parties***

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The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group are shareholders who have control or significant influence over the Parent company in accepting

operating business decisions, key management personnel of the Parent company including members of Supervisory body – family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

### ***Subsequent events***

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

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

### 3. CAPITAL MANAGEMENT

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

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

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

	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>TOTAL ASSETS</b>	<b>50 772 638</b>	<b>52 182 702</b>
Subordinate shareholder's loan	4 581 211	4 377 294
Equity	14 705 494	14 436 880
<b>TOTAL CAPITAL</b>	<b>19 286 705</b>	<b>18 814 174</b>
<b>EQUITY RATIO</b>	<b>38%</b>	<b>36%</b>

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023.

### 4. GROUP INFORMATION

#### *Defined benefit pension*

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

Information on subsidiaries

The consolidated financial statements of the Group include:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% EQUITY INTEREST,
			31.12.2023
COFFEE ADDRESS SIA	Rent of coffee machines, sale of related products, vending	Latvia	100%
COFFEE ADDRESS UAB	Rent of coffee machines, sale of related products, vending	Lithuania	100%
COFFEE ADDRESS OU	Rent of coffee machines, sale of related products, vending	Estonia	100%
PAYMENT SYSTEMS SIA	Payment systems	Latvia	100%



## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

By type of revenue	2023	2022
Sale of ingredients	15 627 915	13 578 617
Sale of drinks and snacks	21 648 361	20 436 160
Rent of coffee machines and maintenance	3 706 646	3 726 997
Sale of equipment	3 207 240	1 359 420
<b>TOTAL:</b>	<b>44 190 162</b>	<b>39 101 194</b>

For better disclosure purposes, revenue from sales of other services was regrouped from “Sale of ingredients” to “Rent of coffee machines and maintenance”. For the year 2023- EUR 565 thousand and 2022- EUR 508 thousand.

### 5.1. SEGMENT INFORMATION

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

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

The accounting policies of the reportable segments are the same as the group’s accounting policies described in Note 1.

2023	Lithuania	Latvia	Estonia	Group	Group sourcing functions	Eliminator	Group Total
Revenue	23 214 740	14 001 452	6 973 970	44 190 162			44 190 162
Ingredients	8 218 296	3 762 575	3 647 044	15 627 915			15 627 915
Drinks and snacks	11 522 526	8 377 684	1 748 151	21 648 361			21 648 361
Rent and maintenance	1 705 683	959 213	1 041 750	3 706 646			3 706 646
Equipment	1 768 235	901 980	537 025	3 207 240			3 207 240
Materials and consumables	(12 428 454)	(7 848 035)	(3 525 234)	(23 801 723)			(23 801 723)
Gross Profit	10 786 287	6 153 416	3 448 736	20 388 439			20 388 439
Operating profit*	1 803 445	232 025	636 276	2 671 746	(150 915)	15 678	2 536 509
Finance income	-	-	-	-	2 149 949	(2 149 949)	-
Finance costs	(1 951 270)	(542 548)	(109 850)	(2 603 668)	(1 742 690)	2 345 752	(2 000 606)
Income tax expenses	(259 917)	(3 106)	-	(263 023)	(4 266)	-	(267 289)
Net income	(407 742)	(313 629)	526 426	(194 945)	252 078	211 482	268 614
<b>ASSETS</b>	<b>26 605 896</b>	<b>15 297 175</b>	<b>8 014 500</b>	<b>49 917 571</b>	<b>855 067</b>	-	<b>50 772 638</b>
<b>LIABILITIES</b>	<b>8 326 670</b>	<b>3 415 521</b>	<b>1 028 220</b>	<b>12 770 412</b>	<b>23 296 731</b>	-	<b>36 067 144</b>

## 5.1. SEGMENT INFORMATION (CONTINUED)

2022	Lithuania	Latvia	Estonia	Group	Group sourcing functions	Elimination	Group Total
Revenue	20 595 660	12 416 808	6 088 726	39 101 194			39 101 194
Ingredients	7 180 856	3 157 221	3 240 540	13 578 617			13 578 617
Drinks and snacks	10 949 299	8 245 276	1 241 585	20 436 160			20 436 160
Rent and maintenance	1 810 057	857 831	1 059 109	3 726 997			3 726 997
Equipment	655 448	156 481	547 491	1 359 420			1 359 420
Materials and consumables	(10 535 264)	(6 714 224)	(2 997 517)	(20 247 005)			(20 247 005)
Gross Profit	10 060 396	5 702 584	3 091 209	18 854 189			18 854 189
Operating profit*	1 763 032	(14 003)	573 719	2 322 748	(208 798)	46 632	2 160 582
Finance income	22 813	-	-	22 813	1 583 067	(1 605 880)	-
Finance costs	(1 187 725)	(534 732)	(92 534)	(1 814 991)	(1 014 040)	1 398 175	(1 430 856)
Income tax expenses	(210 803)	(1 280)	-	(212 082)	-	-	(212 082)
Net income	387 317	(550 015)	481 185	318 487	360 229	(161 073)	517 644
<b>ASSETS</b>	<b>28 231 630</b>	<b>14 945 471</b>	<b>8 272 796</b>	<b>51 449 898</b>	<b>1 096 039</b>	<b>-</b>	<b>52 545 936</b>
<b>LIABILITIES</b>	<b>12 041 912</b>	<b>4 040 581</b>	<b>939 475</b>	<b>17 021 968</b>	<b>21 087 085</b>	<b>-</b>	<b>37 745 822</b>

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

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

By contract balance:

	2023	2022
Trade receivables	2 441 307	2 433 947
Contract assets	-	-
Contract liabilities	-	-
<b>TOTAL:</b>	<b>2 441 307</b>	<b>2 433 947</b>

## 6. PERSONNEL COSTS

	2023	2022
Wages and salaries	7 986 924	7 481 968
Social security costs	1 050 367	999 547
Capitalized personnel costs <sup>1</sup>	(43 652)	(82 412)
Healthcare	56 550	48 126
Vacation reserve changes	(28 586)	73 282
Employee benefits	44 007	53 195
Other personnel expenses	28 259	64 269
<b>TOTAL:</b>	<b>9 093 869</b>	<b>8 637 975</b>

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

	31.12.2023	31.12.2022
Number of employees	301	309

## 7. OTHER OPERATING COSTS

	<b>2023</b>	<b>2022</b>
Transportation and logistics	1 372 167	1 493 632
IT services and communication	571 056	528 516
Office costs	415 856	382 254
Marketing and representation	183 290	174 871
Travel and representation	56 005	36 292
Expenses related to early termination of agreement	-	6 990
Bad debtors	13 812	9 910
Annual audit fee	73 800	59 400
Other professional services	172 771	157 190
Other costs <sup>1</sup>	830 584	576 292
<b>TOTAL:</b>	<b>3 689 341</b>	<b>3 425 347</b>

<sup>1</sup> Other costs related to legal and other consulting services, insurance, training and other administrative services

## 8. FINANCE COSTS

	<b>2023</b>	<b>2022</b>
Interest on debts and borrowings	1 763 467	1 210 273
Foreign exchange loss	4 319	6 103
Interest expenses on lease liability	10 337	21 643
Interest on subordinate shareholder loan	203 917	172 420
Other finance costs	21 952	20 417
<b>TOTAL:</b>	<b>2 003 992</b>	<b>1 430 856</b>

## 9. CURRENT AND DEFERRED CORPORATE INCOME TAX

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	<b>2023</b>	<b>2022</b>
Current corporate income tax charge for the reporting year	(20 916)	(34 208)
Deferred corporate income tax due to changes in temporary differences	(246 373)	(177 874)
<b>CORPORATE INCOME TAX CHARGED TO THE STATEMENT OF PROFIT OR LOSS:</b>	<b>(267 289)</b>	<b>(212 082)</b>

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

## 9. CURRENT AND DEFERRED CORPORATE INCOME TAX (CONTINUED)

	<b>2023</b>
<b>ACCOUNTING PROFIT BEFORE INCOME TAX</b>	535 903
Income tax at statutory rate, 20%	(107 180)
Profit to be taxed on profit distributon	157 434
Income tax correction	42 205
Loss of subsidiaries for which no tax loss carryforward is recognised	(62 348)
Non deductible expenses and other permanent differences	(28 102)
Permanent difference on Interest expenses	(226 378)
Other	(42 920)
<b>AT THE EFFECTIVE INCOME TAX RATE</b>	<b>(267 289)</b>

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	31.12.2023	31.12.2022	2023	2022
<b>DEFERRED TAX ASSETS:</b>				
Other accrued expenses	137 774	151 041	(13 267)	33 791
Vacation reserve	31 596	33 282	(1 687)	3 862
Different recognition of sale of fixed assets	100 909	36 571	64 339	(6 787)
Tax loss carry forward	–	62 773	(62 773)	(107 185)
Impairment allowance for trade debtors	898	839	59	(1 233)
Convertible loan	–	72 160	(72 160)	(24 240)
Other components	6 742	6 568	174	2 899
<b>ASSETS OF THE DEFERRED TAX, TOTAL</b>	<b>277 919</b>	<b>363 234</b>	<b>(85 315)</b>	<b>(98 893)</b>
<b>DEFERRED TAX LIABILITY</b>				
Goodwill	(395 375)	(304 153)	(91 221)	15 358
Long-term contracts with customers	(164 165)	(94 329)	(69 837)	(94 328)
<b>DEFERRED TAX LIABILITY, TOTAL</b>	<b>(559 540)</b>	<b>(398 482)</b>	<b>(161 058)</b>	<b>(78 970)</b>
<b>DEFERRED TAX, NET</b>	<b>(281 621)</b>	<b>(35 248)</b>	<b>(246 373)</b>	<b>(177 863)</b>

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

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

## 10. INTANGIBLE ASSETS

	Goodwill	Customer agreements	Other intangible assets	TOTAL
<b>ACQUISITION COST</b>				
<b>1 January 2022</b>	24 627 319	893 731	968 100	<b>26 489 150</b>
Additions	-	-	316 388	316 388
<b>31 December 2022</b>	<b>24 627 319</b>	<b>893 731</b>	<b>1 284 488</b>	<b>26 805 538</b>
Additions	-	-	395 059	395 059
<b>31 December 2023</b>	<b>24 627 319</b>	<b>893 731</b>	<b>1 679 547</b>	<b>27 200 597</b>
<b>ACCUMULATED AMORTISATION</b>				
<b>1 January 2022</b>	-	(893 731)	(431 634)	<b>(1 325 365)</b>
Amortisation	-	-	(192 423)	(192 423)
<b>31 December 2022</b>	-	(893 731)	(624 057)	<b>(1 517 788)</b>
Amortisation	-	-	(252 924)	(252 924)
<b>31 December 2023</b>	-	<b>(893 731)</b>	<b>(876 981)</b>	<b>(1 770 712)</b>
<b>NET BOOK VALUE</b>				
<b>31 December 2022</b>	24 627 319	-	660 431	<b>25 287 750</b>
<b>31 December 2023</b>	24 627 319	-	802 566	<b>25 429 885</b>

## 11. GOODWILL

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

	31.12.2023	31.12.2022
Coffee Address SIA	7 548 373	7 548 373
Coffee Address UAB	13 596 258	13 596 258
Coffee Address OU	3 482 688	3 482 688
<b>TOTAL:</b>	<b>24 627 319</b>	<b>24 627 319</b>

The Group performed its annual impairment test in December 2023 and December 2022. The recoverable amount of all CGUs has been determined based on a value in use calculation using individual cash flow projections from budgets approved by management and shareholders covering a four-year period. The pre-tax discount rate applied to cash flow projections is 13.5% (2022: 12%) and cash flows beyond the four-year period are extrapolated using a 2% growth rate.

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

## 11. GOODWILL (CONTINUED)

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

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

**Sales growth** – overall sales growth is estimated based on historical growth rates (including pre-acquisition sales) as well as expected increase in sales due to strengthening of sales team, improving product quality and reallocating resources and investing into more profitable segments.

By 7% lower sales than budgeted for the next and all following years would result in impairment for Coffee Address SIA goodwill.

By 7% lower sales than budgeted for the next and all following years would result in impairment for Coffee Address UAB goodwill.

By 15% lower sales than budgeted for the next and all following years would result in impairment for Coffee Address OU goodwill.

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

A decrease in the gross margin by ~3% for the next and all following years would result in impairment for Coffee Address SIA goodwill

A decrease in the gross margin by ~3% for the next and all following years would result in impairment for Coffee Address UAB goodwill.

A decrease in the gross margin by ~8% for the next and all following years would result in impairment for Coffee Address OU goodwill.

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

A rise in the pre-tax discount rate to 17.2% (i.e., +3.7%) would result in impairment for Coffee Address SIA goodwill.

A rise in the pre-tax discount rate to 17.2% (i.e., +3.7%) would result in impairment for Coffee Address UAB goodwill.

A rise in the pre-tax discount rate to 23.5% (i.e., +10%) would result in impairment for Coffee Address OU goodwill.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Equipment and machinery	Machinery (buy-back)	Right-of -use assets - cars	Right-of -use assets - premises	TOTAL
<b>ACQUISITION COST</b>						
<b>1 January 2022</b>	<b>455 154</b>	<b>31 868 845</b>	<b>3 396 748</b>	<b>1 456 691</b>	<b>1 781 477</b>	<b>38 958 915</b>
Purchases	-	3 006 024	1 325 995	907 033	216 037	5 455 089
Reclass	-	504 205	(504 205)	-	-	-
Sales and write-offs	(455 154)	(968 855)	(34 419)	(361 146)	(148 639)	(1 968 213)
<b>31 December 2022</b>	<b>-</b>	<b>34 410 219</b>	<b>4 184 119</b>	<b>2 002 578</b>	<b>1 848 875</b>	<b>42 445 791</b>
Purchases	-	3 273 409	55 639	637 320	125 925	4 092 293
Reclass	-	110 285	(110 285)	-	-	-
Sales and write-offs	-	(1 429 526)	(911 377)	(284 567)	(703)	(2 626 173)
<b>31 December 2023</b>	<b>-</b>	<b>36 364 387</b>	<b>3 218 096</b>	<b>2 355 331</b>	<b>1 974 097</b>	<b>43 911 911</b>
<b>ACCUMULATED DEPRECIATION</b>						
<b>1 January 2022</b>	<b>(230 443)</b>	<b>(19 606 810)</b>	<b>(2 012 218)</b>	<b>(747 138)</b>	<b>(615 942)</b>	<b>(23 212 551)</b>
Depreciation	(1517)	(3 050 239)	(491 339)	(386 749)	(410 686)	(4 340 530)
Reclass	-	(508 050)	508 050	-	-	-
Sales and write-offs	231 960	815 358	34 416	298 729	133 687	1 514 150
<b>31 December 2022</b>	<b>-</b>	<b>(22 349 741)</b>	<b>(1 961 091)</b>	<b>(835 158)</b>	<b>(892 941)</b>	<b>(26 038 931)</b>
Depreciation	-	(3 258 292)	(619 741)	(483 772)	(443 718)	(4 805 523)
Reclass	-	(47 166)	47 166	-	-	-
Sales and write-offs	-	1 289 661	852 962	286 055	703	2 429 381
<b>31 December 2023</b>	<b>-</b>	<b>(24 365 538)</b>	<b>(1 680 704)</b>	<b>(1 032 875)</b>	<b>(1 335 956)</b>	<b>(28 415 073)</b>
<b>NET BOOK VALUE</b>						
<b>31 December 2022</b>	<b>-</b>	<b>12 060 478</b>	<b>2 223 028</b>	<b>1 167 420</b>	<b>955 934</b>	<b>16 406 860</b>
<b>31 December 2023</b>	<b>-</b>	<b>11 998 849</b>	<b>1 537 392</b>	<b>1 322 456</b>	<b>638 141</b>	<b>15 496 837</b>

There are equipment items that are fully depreciated but are still in use and their acquisition value is EUR 12 660 thousand as at 31 December 2023 (EUR 13 860 thousand as at 2022).

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

Refer to Note 19 on information about pledges on assets.

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

<b>ASSETS</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>NON-CURRENT ASSETS</b>		
Right-of-use assets (premises)	638 141	955 934
Right-of-use assets (vehicles)	1 322 455	1 167 420
<b>TOTAL:</b>	<b>1 960 596</b>	<b>2 123 354</b>

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Non-current liabilities (Lease liabilities for right-of-use assets)	1 153 911	1 353 972
Current liabilities (Lease liabilities for right-of-use assets)	875 775	800 492
<b>TOTAL:</b>	<b>2 029 686</b>	<b>2 154 464</b>

<b>LEASES IN THE STATEMENT OF COMPREHENSIVE INCOME</b>	<b>2023</b>	<b>2022</b>
<b>FINANCIAL COSTS</b>		
Finance costs for right-of-use assets (premises)	21 870	25 122
Finance costs for right-of-use assets (vehicles)	70 184	35 899
<b>DEPRECIATION</b>		
Depreciation for right-of-use assets (premises)	443 718	410 686
Depreciation for right-of-use assets (vehicles)	483 773	386 749
<b>TOTAL:</b>	<b>1 019 545</b>	<b>858 456</b>

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

	<b>2023</b>	<b>2022</b>
<b>As at 1 January</b>	<b>2 154 464</b>	<b>1 892 803</b>
Additions	763 245	1 123 070
Extended agreements	52 878	49 288
Interests	92 054	61 021
Payments	(1 032 955)	(971 718)
<b>As at 31 December:</b>	<b>2 029 686</b>	<b>2 154 464</b>



## 14. INVENTORIES

	<b>31.12.2023</b>	<b>31.12.2022</b>
Goods for sale	2 976 155	3 334 136
Equipment inventory	918 111	633 073
Spare parts	1 191 147	1 127 728
Allowances for obsolete inventories	(103 188)	(72 186)
<b>TOTAL:</b>	<b>4 982 225</b>	<b>5 022 751</b>

## 15. TRADE AND OTHER RECEIVABLES

	<b>31.12.2023</b>	<b>31.12.2022</b>
Trade receivables	2 455 727	2 458 557
Allowances for doubtful receivables	(14 420)	(24 610)
<b>TOTAL:</b>	<b>2 441 307</b>	<b>2 433 947</b>

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

<b>Trade receivables</b>	<b>TOTAL</b>	<b>Not past due</b>	<b>&gt;30</b>	<b>31-60</b>	<b>61-90</b>	<b>&gt;90</b>
Balance as at 31 December 2023	2 455 727	2 318 729	117 184	6 028	2 197	11 589
Allowances for expected credit losses as at 31 December 2023	(14 420)	-	-	(3 756)	(783)	(9 881)

### Allowance movements for expected credit losses

Allowances for doubtful receivables as at 31 December 2022	24 610
Receivables write off	(9 295)
Allowance reversal	(895)
Allowances for doubtful receivables as at 31 December 2023	14 420

## 16. PREPAYMENTS AND OTHER RECEIVABLES

	<b>31.12.2023</b>	<b>31.12.2022</b>
Deposits	242 032	154 690
Accrued income	107 673	142 096
Prepaid expenses	339 219	384 741
Cash in vending machines	190 395	184 160
Advances to suppliers	39 087	123 108
Other receivables	106 135	177 151
<b>TOTAL:</b>	<b>1 024 541</b>	<b>1 165 946</b>

Deposits mainly consists for advance payments made to suppliers in relation to rent of premises for offices and warehouses and vending locations.

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

## 17. CASH

	<b>31.12.2023</b>	<b>31.12.2022</b>
Cash at bank	411 500	980 555
Cash on hand	37 813	57 529
Cash in transit	798 829	687 153
<b>TOTAL:</b>	<b>1 248 142</b>	<b>1 725 237</b>

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

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

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

## 18. ISSUED CAPITAL

The share capital of the Parent company is EUR 6 086 215 (2022: EUR 6 086 215) and consists of 6 086 215 shares (2022: 6 086 215). The value of each share is EUR 1. A share premium is provided for the new emission Shares. Total Share premium is EUR 11 156 085. All the shares and share premium are fully paid.

	<b>31.12.2023</b>	<b>31.12.2022</b>
Ordinary shares issued and fully paid	6 086 215	6 086 215
Share premium	11 156 085	11 156 085
<b>TOTAL:</b>	<b>17 242 300</b>	<b>17 242 300</b>

## 19. INTEREST-BEARING LOANS AND BORROWINGS EXCLUDING BONDS

<b>NON-CURRENT INTEREST-BEARING LOANS AND BORROWINGS</b>	<b>Interest rate, %</b>	<b>Maturity</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Obligation under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	350 838	33 780
Bank loan	3.75% + 3m Euribor	29.05.2026	10 794 471	6 207 404
Shareholder loan	8%	31.12.2025	4 581 211	4 377 294
<b>TOTAL NON-CURRENT PART OF LONG TERM INTEREST-BEARING LOANS AND BORROWINGS</b>			<b>15 726 520</b>	<b>10 618 478</b>
<b>CURRENT INTEREST-BEARING LOANS AND BORROWINGS</b>				
Obligations under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	123 012	64 570
Bank loan	3.75% + 3m Euribor	29.05.2026	2 450 704	2 994 382
Covid-19 support loan	2.90%	10.03.2023	-	79 935
Overdraft	3.5% + 3m Euribor	29.05.2024	313 984	2 384 053
<b>TOTAL CURRENT PART OF LONG TERM INTEREST-BEARING LOANS AND BORROWINGS</b>			<b>2 887 700</b>	<b>5 522 940</b>
<b>TOTAL INTEREST-BEARING LOANS AND BORROWINGS</b>			<b>18 614 220</b>	<b>16 141 418</b>

### Bank loan

In May 2023 Group fully refinanced the liabilities of Coffee Address Holding SIA to Luminor bank AS.

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

Bank loan balance includes principal amount of EUR 13 559 159.

<b>Bank loan and overdraft</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Maturing in less than one year	2 764 688	5 378 435
Maturing between one and five years	10 794 471	6 207 405
<b>TOTAL:</b>	<b>13 559 159</b>	<b>11 585 840</b>

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

<b>Finance lease liabilities</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Maturing in less than one year	123 012	64 570
Maturing between one and five years	350 838	33 780
<b>TOTAL:</b>	<b>473 850</b>	<b>98 350</b>

## 20. OTHER FINANCIAL LIABILITIES

	31.12.2023	31.12.2022
<b>NON- CURRENT FINANCIAL LIABILITIES</b>		
Covid-19 support tax loans non-current	–	158 885
Finance liability for coffee machines sales and repurchase transaction	540 523	522 414
Finance liability for rent of premises	275 798	564 290
Finance liability for car leasing	878 113	789 681
<b>TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>1 694 434</b>	<b>2 035 270</b>
<b>CURRENT FINANCIAL LIABILITIES</b>		
Covid-19 support current tax loans	–	1 382 206
Finance liability for other equipment	–	45 563
Finance liability for rent of premises	387 442	404 555
Finance liability for car leasing	488 333	395 937
<b>TOTAL CURRENT FINANCIAL LIABILITIES</b>	<b>875 775</b>	<b>2 228 261</b>
<b>TOTAL:</b>	<b>2 570 209</b>	<b>4 263 531</b>

### *Finance liability for coffee machines sales and repurchase transaction*

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

### *Covid-19 support tax loans*

To mitigate and limit the negative impact of the COVID-19 pandemic Group has used available government support instruments by signing agreements with Tax authorities to divide tax payments into several instalments.

## 21. PENSION BENEFITS

As at 31 December 2023 the pension accrual amounts to EUR 38 678 (2022: EUR 40 354). The following assumptions were taken into account while calculating the amount of the accrual: turnover of employees, life expectancy, future salary increases and discount rate.

### *Deferred income for coffee machines sales and repurchase*

Once signing a buy-back contract for the sale and purchase of coffee machines, the Group does not recognize income and cost of coffee machines immediately, because according to the economic meaning of the transaction, the Group retains a significant part of the risk related to property ownership. Both income and cost of sales are deferred and recognized over the term of the contract. Payment from customer is received in the beginning of the buy-back agreement. Current portion of deferred income as of 31 December 2023 amounts to EUR 603 652 (31.12.2022: EUR 640 815), non-current portion EUR 958 950 (31.12.2022: EUR 1 565 548).

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

## 22. TRADE PAYABLE

	31.12.2023	31.12.2022
Trade payables	4 787 716	3 169 701
<b>TOTAL:</b>	<b>4 787 716</b>	<b>3 169 701</b>

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

## 23. CURRENT LIABILITIES

	31.12.2023	31.12.2022
VAT payable	567 973	411 288
Vacation reserve	404 041	432 626
Accruals for discounts and marketing support	696 548	832 277
Social tax payable	195 410	186 833
Other accruals related to payroll	415 335	290 035
Prepayments from customers*	132 693	943 076
Other current liabilities	772 457	759 671
<b>TOTAL:</b>	<b>3 184 457</b>	<b>3 855 806</b>

\*Prepayments from customers consist of amounts received from clients mainly for coffee machines. Prepayments from 2022 were covered in 2023.

## 24. BONDS

	Interest rate,%	Maturity	31.12.2023	31.12.2022
<b>Issued bonds</b>				
Non registered bonds	8.5% + 0.5% every year	15.03.2028	–	3 000 000
Registered bonds	9.00%	30.06.2025	5 000 000	5 000 000
<b>Total Issued bonds</b>			<b>5 000 000</b>	<b>8 000 000</b>

In June 2023 Group fully refinanced to SEB Bank the Coffee Address UAB bonds of 3 000 000 EUR that initially were purchases by KŪB "Pagalbos verslui fondas"

### Fair value

The group has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Fair value for issued bonds as on 31 December 2023 is as follows:

	Carrying amount, EUR	Fair value, EUR
<b>Debt securities – bonds</b>	5 000 000	4 902 500 (Level 1)

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

## 25. RELATED PARTY DISCLOSURES

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

<b>Loans from related parties</b>	<b>Interest expenses 2023</b>	<b>Amounts owed to related parties on 31.12.2023</b>	<b>Interest expenses 2022</b>	<b>Amounts owed to related parties on 31.12.2022</b>
BaltCap Private Equity Fund II SCSp	122 692	3 015 756	109 897	2 893 064
BaltCap Private Equity Fund II Co-Investment SCSp	81 225	1 565 455	73 265	1 484 230

During financial year there was a payment to council member for travel cost compensation and remuneration of council activities in amount of EUR 40 501 (2022: EUR 55 965) which are recognized as part of other operating expenses.

## 26. RISK MANAGEMENT

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

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

### Market risk

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

### Interest rate risk

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

### Interest rate sensitivity

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

<b>Interest rate on interest bearing loans</b>	<b>Change in EURIBOR</b>	<b>Effect on profit before tax, EUR</b>	<b>Effect on equity, EUR</b>
2023	0.50%	(51 948)	(51 948)
	-0.30%	31 169	31 169
2022	0.50%	(56 678)	(56 678)
	-0.30%	34 007	34 007

## 26. RISK MANAGEMENT (CONTINUED)

### Foreign currency risk

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

### Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the continuous supply of coffee. To limit Group's exposure of commodity price risk in 2023 Group has entered into fixed price agreement with its main coffee supplier

#### Commodity price sensitivity

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

Coffee	Change in average	Effect on profit before tax, EUR	Effect on equity, EUR
2023	15%	946 085	687 597
	-15%	(946 085)	(1 035 772)
2022	15%	778 959	215 085
	-15%	(778 959)	(807 014)

### Credit risk

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

### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables of 2 441 thousand EUR are regularly monitored. At 31 December 2023, the Group had 23 (20 as at 31 December 2022) customers that owed it more than €10,000 each and accounted for approximately 64% (65% as at 31 December 2022) of all the receivables outstanding. There were 7 (4 as at 31 December 2022) customers with balances greater than €50,000 accounting for just over 50% (51% as at 31 December 2022) of the total amounts receivable. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

### Liquidity risk

The Group monitors its risk of a shortage of funds by performing regular cash flow projections. The Group's objective is to balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases. As at 31 December 2023 the Group's current liabilities exceed current assets by 2 671 thousand EUR.

Approximately 21% or 3 763 EUR thousand of the Group's debt will mature in less than one year at 31 December 2023 (28% as at 31 December 2022) based on carrying value of loans and borrowings reflected in the consolidated financial statements.

The Group's management is planning to cover liquidity gap by operating cashflows, use overdraft of 2 000 thousand EUR (1 686 thousand EUR unused as at 31 December 2023) and rolling leasing limit of 1 000 thousand EUR (557 thousand EUR unused as at 31 December 2023) if such need arises. The Group's management believes that financial position remains stable and it is capable to continue its activities for at least one year period after the issue of these financial statements. The shareholders have issued a letter of support to the Group, yet no such support has been currently requested as of issuance of these consolidated financial statements.

## 26. RISK MANAGEMENT (CONTINUED)

### Liquidity risk (continued)

	2023	2022
Current Ratio	0.78	0.67
Quick Ratio	0.30	0.27
Net debt	19 814 553	21 780 006

### Excessive risk concentration

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

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

31.12.2023	Within one year	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	2 887 700	11 145 309	-	14 033 009
Lease liabilities	986 292	1 267 709	-	2 254 001
Shareholder loan	-	4 581 211	-	4 581 211
Other financial liabilities	3 069	601 492	-	604 560
Trade and other payables	4 787 716	-	-	4 787 716
	<b>8 664 777</b>	<b>17 595 721</b>	<b>-</b>	<b>26 260 497</b>

31.12.2022	Within one year	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	6 238 682	6 733 733	-	12 972 415
Lease liabilities	862 538	1 428 531	-	2 291 069
Shareholder loan	-	4 818 549	-	4 818 549
Other financial liabilities	1 429 511	719 316	-	2 148 827
Trade and other payables	3 169 701	-	-	3 169 701
	<b>11 700 432</b>	<b>13 700 129</b>	<b>-</b>	<b>25 400 561</b>



## 27. FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair values of the Groups' financial instruments, other than those with carrying amounts that are reasonable approximations of fair values as at 31 December 2023:

As at 31 December 2023:

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

As at 31 December 2022:

<b>Financial liabilities</b>	<b>Carrying amount</b>	<b>Fair value</b>
Bonds	8 000 000	8 075 000
<b>Interest bearing loans and borrowings:</b>		
Obligations under finance leases	98 349	98 349
Bank loan	11 585 840	11 585 840
Other loans	79 935	79 935
Subordinate loan from shareholders	4 377 294	4 377 294
Finance liability for car leasing	1 185 619	1 185 619
Finance liability for rent of premises	968 845	968 845
<b>TOTAL</b>	<b>26 295 882</b>	<b>26 370 882</b>

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

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

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

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

## 28. EVENTS AFTER BALANCE SHEET DATE

In April 2024, the Coffee Address Holding SIA signed amendments to its overdraft agreement, extending the available overdraft term until May 29, 2025.

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

Viktorija Meikšāne  
Member of the Board

Anda Priedīte  
Group Chief Financial Office

Document has been signed electronically and contains a time stamp.