

Coffee Address Holding bond issue

Opportunity to invest in the bonds of the leading coffee solutions provider in the Baltics



About Coffee Address Holding

- Established in 1993, Coffee Address Holding is the largest provider of self-service premium coffee and convenience food solutions in the Baltics.
- The Group employs approximately 300 people and serves a client base of over 5,000 blue-chip companies across various sectors.
- Coffee Address holds market-leading positions in all Baltic countries, with an estimated market share of 49% in Lithuania, 42% in Latvia, and 30% in Estonia.
- The Group's management has built a significant track record in acquiring and integrating target companies, which is expected to contribute to future growth, including potential expansion into the CEE region.
- BaltCap, the Group's professional shareholder, provides strong governance and supports strategic development.

Business overview

- The Group operates in three main segments: Vending, Commercial and Office Coffee Solutions, with a fourth segment in development – Food Solutions.
- Vending:** Generates 52% of total revenue by providing coffee and snack solutions. Services include equipment provision, ingredient supply, and maintenance. This segment benefits from robust coffee demand, even during economic turbulence, and capitalizes on the growing shift toward premium and differentiated coffee solutions.
- Commercial:** Contributes 29% of total revenue by serving high-traffic environments such as gas stations and convenience stores. Highest quality service tailored to customer needs and the offering of private label coffee, equipment and category management advice underpin the robust sales of the segment.
- Office Coffee Solutions:** Accounts for 19% of total revenue by offering premium coffee machines and customized solutions to corporate clients, enhancing coffee experiences in office settings.
- Food Solutions:** the Group plans to scale its investments into a more diversified food offering, focusing on fresh foods, which, according to the Group's assessment of market maturity and several pilot projects, is expected to significantly contribute to both top-line and EBITDA growth.
- The Group serves a diversified client base, including blue-chip customers such as Circle K, Swedbank, SEB, and Riga Airport. Contracts are typically signed for 3-5 years, with a high renewal rate attributed to superior service quality and product offering.
- Coffee Address maintains strong supplier partnerships for machines (e.g., Necta, Franke, Schaerer, Jura) and premium coffee brands (e.g., Lavazza, Illy, Pelican Rouge).
- Advanced digital solutions, such as the CA Club loyalty program (with c. 200k users), cashless payments installed in all machines, predictive service routing algorithms, self-service portals for B2B customers and Power-BI based analytics underpin the Group's superior profitability.

Financial highlights

- Since 2017, the Group's total sales have grown at a compound annual growth rate (CAGR) of 28%, driven by a combination of organic growth and strategic acquisitions.
- Rapid top-line growth is accompanied with a steadily improving adjusted EBITDA margin, which reached 21.2% on an LTM Sep 2024 basis, reflecting operational efficiency.
- Adjusted equity, including approximately EUR 5 million in shareholder loans, has shown consistent growth, with the equity ratio increasing from 36% in 2022 to 39% in 9M 2024, driven primarily by reinvested earnings.
- The Group meets all financial covenants with a strong margin of safety, underlining its robust financial performance.

Financial highlights

EUR, million	FY 2022	FY 2023	LTM ¹ 09/2024
Revenue	39.1	44.2	44.0
EBITDA	6.8	7.6	7.8
Adjusted EBITDA ²	7.9	9.1	9.3
Adjusted EBITDA margin	20.2%	20.6%	21.2%
Net profit	0.5	0.3	0.3
Total assets	52.5	50.8	50.7
PPE	16.4	15.5	15.4
Cash	1.7	1.2	1.3
Adjusted Equity ³	18.8	19.3	20.0
Net Debt	18.4	19.2	17.6
DSCR (>1.1x)	2.1x	1.6x	1.5x
Equity ratio (>30%) ⁴	36%	38%	39%
Net Debt / EBITDA (<3.5x)	3.0x	2.6x	2.3x

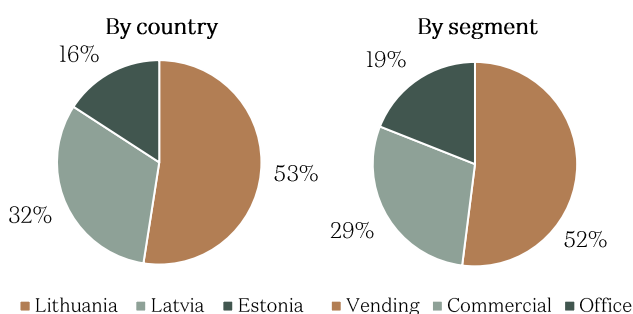
¹ Last twelve months ending September 2024

² Adjusted by one-off costs, such as holding costs and council fees

³ Including shareholder loans

⁴ Adjusted equity / total assets

Revenue breakdown (LTM 09/2024)



Selected customers



Coffee Address Holding bond issue



Indicative Term Sheet

Issuer	SIA Coffee Address Holding
Security type	Unsecured (guaranteed) notes
Offer type	Private placement
Guarantee	Corporate guarantee from Coffee Address SIA, Coffee Address UAB, Coffee Address OU
Issue size	EUR 5,000,000
Coupon rate	8.50%
Coupon frequency	Quarterly
Term / Maturity	3 years
Principal repayment	Maturity date, bullet
Call Option	Year 1 - no call Year 2 - @102% 6 months before maturity - @100%
Put Option	Change of Control - @101%
Nominal value	EUR1,000
Minimum subscription	EUR100,000
Listing	Listing on Nasdaq Riga First North within 6 months after the Issue Date
Use of proceeds	General corporate purposes: financing of M&A activities and other investment projects
Covenants ¹	<ul style="list-style-type: none"> Equity ratio of min 30% Net Debt / EBITDA of max 3.5x DSCR of min 1.1x
Arranger	Signet Bank AS
Legal Advisor	ZABC OBALT SIA

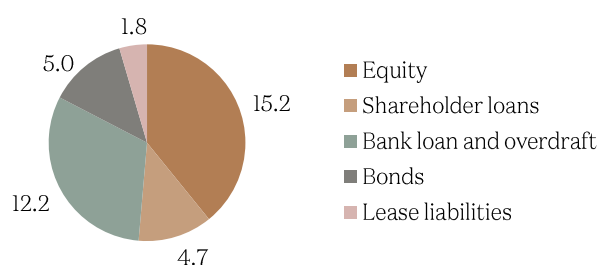
Key investment highlights

- Dominant market leader** with a strong presence across all three Baltic countries
- Consistent superior financial performance** with an attractive investment return profile
- Seasoned and innovative management team** with a proven track record in organic growth and acquisitions
- Proprietary digital solutions and AI integration** to drive scalability, profitability, and customer loyalty
- Trusted partner for 5,000+ blue-chip companies** through well-established, long-term relationships

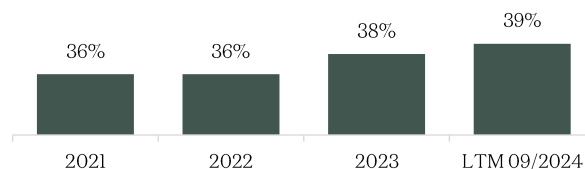
Funding profile and the bond issue

- Since the first bond issue in 2022, the Group has simplified its financing structure, and currently uses bank financing and bonds as key funding sources.
- As a result of scheduled loan repayments and consistent improvements in profitability, the Group's net leverage ratio stood at a comfortable 2.3x as of 9M 2024.
- The Group's senior lender is SEB Bank, with outstanding loan and overdraft of EUR 12.2m as of 9M 2024, secured by commercial pledges on assets and shares of the Issuer and Group Subsidiaries.
- The proceeds from the EUR 5m bond issue will be used to support the Group's growth strategy, including investments into rolling out food solutions in Baltics and M&A transactions in the CEE region.
- The Group has an outstanding bond of EUR 5m listed on First North with maturity on 30 June 2025 and is currently working on refinancing options, which include bank financing or a new bond issue in Q2 2025.

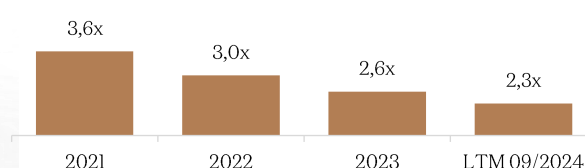
Funding profile (EURm, Sep 2024)



Equity ratio development



Net debt / EBITDA development



Coffee Address vending and coffee machine selection



Notes: ¹ Full list of covenants can be found in the Prospectus
Source: Financial reports and information provided by the management

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Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence the Issuer are: Macroeconomic risk, Global pandemic risk, Geopolitical risk related to Russian invasion of Ukraine, Risk of changes in laws, regulations and enforcement activities, The risk of local tax regime changing, Risk of supply and logistics chain disruptions, Risk of fluctuations in costs related coffee, fuel and other commodity prices, Risk of exchange rate fluctuations and new market currency exposure, Risks related to consumer behaviour shifts, Increasing competition and new market entrants, The risk of the Group may not being able to implement its growth strategy within the expected timeframe, Risks of technological disruption, Risk of lagging in digital payment adaptation and security, Risk of increasing vending rent rates, Risk of increase in labour and employment costs, The loss of one or more key personnel members, Failure to attract and retain qualified personnel, The risk of international expansion of the Group's business exposing it to unique business risks and challenges, Operational risks, Counterparty credit risk, IT system and process risk, Risk of information technology system failures, network disruptions and breaches in data security, Risk of failure to attain and maintain a level of liquidity, Risk of capital expenditures, Risks associated with the integration of acquisitions, Financial leverage risk, Risk of change of control.

When investing funds in bonds, investors undertake the following risks related to debt securities: The Group may be unable to repay or repurchase the Notes at maturity, The Notes are unsecured debt instruments, The Issuer may incur significant additional debt or grant additional security, There is no established trading market for the Notes, if an actual trading market does not develop for the Notes, the Investor may not be able to resell them quickly, for the price that the Investor paid or at all, There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity, The price of the Notes may be volatile and the market price of the Notes may drop below the initial price a Potential Investor paid for the Notes, The Group may choose to repurchase or redeem the Notes when prevailing interest rates are relatively low, including in open market purchases, Changes in tax rates may impact net payments related to the Notes, Decisions of Majority Noteholders may affect individual rights of the Noteholders, Some Noteholders may have more preferential terms than others, The Issuer is dependent on and may be adversely affected by its Subsidiaries.

Risks related to the guarantee and the collateral agent include: Risks associated with the Collateral Agent Agreement, The Guarantee will be subject to certain limitation on enforcement and may be limited by the Applicable Laws or subject to certain defences that may limit its validity and enforceability, The enforcement of the Guarantee will be subject to the procedures and limitations set out in the Collateral Agent Agreement and the Terms and Conditions, The rights of the Noteholders depend on the Collateral Agent's actions and financial standing.

The risks indicated in this section may reduce the Issuer's ability to fulfil its obligations and cause its insolvency in the worst-case scenario. This section may not feature all the potential risks, which may affect the Issuer and the Group.