

A hand holding a white cup of coffee with latte art and a cinnamon bun on a saucer, set against a dark background.

# KALVE

## **AS KALVE COFFEE MANAGEMENT REPORT AND THE UNAUDITED FINANCIAL STATEMENTS OF 2024**

REPORTING PERIOD  
*01.01.2024 – 31.12.2024*

PREPARED FOLLOWING LATVIAN LEGISLATION REQUIREMENTS JAUNMARUPE, 2025

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# ABOUT THE COMPANY

COMPANY	Kalve Coffee AS
LEGAL STATUS OF THE COMPANY	Joint stock Company
REGISTRATION NUMBER	40203045645
LEGAL ADDRESS	Mazcenu aleja 43b, Jaunmārupe, LV-2166
PLACE AND DATE OF REGISTRATION	Rīga, January 24, 2017
MEMBERS OF THE BOARD	Gatis Zēmanis – Chairman of the Board Raimonds Selga – Board member Jānis Viesturs Zēgners – Board member
MEMBERS OF THE SUPERVISORY BOARD	Rūdolfs Strēlis – Chairman of the Supervisory Board Lība Justīne Elferte – Deputy Chairperson of the Supervisory Board Jānis Andersons – Supervisory Board Member
ANNUAL REPORT PREPARED BY	Karīna Vasiljeva – Head of Accounting
REPORTING YEAR	from 01.01.2024 to 31.12.2024
PREVIOUS REPORTING YEAR	from 01.01.2023 to 31.12.2023
TYPE OF COMPANY’S ACTIVITY	Processing of tea and coffee
NACE CLASSIFICATION CODE	10.83
AUDITORS	Grant Thornton Baltic Audit SIA Blaumana str. 22, Rīga, LV - 1011 License No. 183  Certified Auditor Kitija Ķepīte Certificate No. 182



# DEAR SHAREHOLDER!

WE WOULD LIKE TO CALL 2024 A YEAR OF TRANSFORMATION FOR AS KALVE COFFEE (THE ‘COMPANY’), MARKING THE BEGINNING *OF KALVE 2.0.*

We have been preparing for this transformation since 2021, when we made a strategic decision to develop one of the largest specialty coffee roasters in the Baltic States. We moved the roaster to larger premises and invested in creating a more efficient roaster with the aim of being able to scale our operations geographically.

By bringing one of the Company’s core values – accessibility – to life, we became a member of the Nasdaq Baltic First North exchange in the 4th quarter of 2024 by way of an initial public offering (IPO). This allows us to improve the Company’s governance and gives us the opportunity to develop faster. Last year, we maintained our previous growth rate, achieving our best financial performance to date.

We have opened a new concept – Kalve Living Room – and started working on expanding outside Latvia. But the most important thing is that we have been able to create conditions for further growth, which includes opening our own cafes and stores in Estonia and Lithuania, as well as promoting brand awareness outside the Baltic States.

The year 2025 comes with its own global challenges related to sustainability risks, which means we must continue to base our growth strategy on the principle of win-win outcomes for all stakeholders.

With optimism, energy, a motivated team and a desire to do, we are heading into 2025.

**GATIS ZĒMANIS**  
CEO, Chairman of the Board





# 2024 COFFEE INDUSTRY REPORT – REFLECTIONS & FUTURE OUTLOOK

2024 was a challenging year for the coffee industry, with soaring market prices, supply chain disruptions, and tightening sustainability regulations. Rising costs and extreme weather conditions impacted producers, but our direct trade model – working hand in hand with KALVE's main green coffee suppliers like the San Coffee cooperative from Brazil and farmers from other regions with a focus on long-term sustainability practices allowed us to maintain stability. By focusing on relationship-based sourcing, we mitigated risks while ensuring high-quality, traceable coffee.

Despite industry challenges, we had a strong year, roasting around 97 tonnes of coffee and importing about 115 tonnes of fully traceable, specialty-quality green coffee from 10 origins. Sancoffee in Brazil remains our key supplier, committed to sustainable farming and producer empowerment.







## GROWING WITH EXPERTISE

Our expertise continues to grow. Alina Synkevich, our head roaster, began training as a Licensed Q Arabica Grader, an elite qualification in coffee sensory evaluation. With my existing Q Grader license, we continue to be the most qualified roastery in the Baltics for quality control and green coffee sourcing.

Beyond roasting, I judged at the World Coffee Championships finals in Copenhagen 2024, becoming the first Baltic judge in a world final. I also became a World Coffee Championships Representative in early 2025, one of only 15 in Europe, strengthening our global credibility.

## STRENGTHENING PARTNERSHIPS & B2B EXPANSION

We expanded and refined our sourcing partnerships in 2024. The enterprise Raw Material now supplies all our Colombian and East African coffees, ensuring reinvestment into producer communities, with Growing Costa Rica doing that for Costa Rica respectively, while Falcon Coffee and Ally Coffee continue as important partners for other origins.

In B2B, we built a dedicated seven-member team focused on sales, technical support, and after-sales service. We also finalised our Office Coffee Service (OCS) segment, strengthening our equipment lineup. Alongside our HoReCa offerings from Victoria Arduino, Nuova Simonelli, Eureka, and Tone, we became official distributors of Melitta Professional, Rhea Italy and Jura Professional.

## 2025 – CHALLENGES & OPPORTUNITIES

Looking ahead, high market prices, climate risks, and sustainability regulations will shape 2025. However, our direct trade relationships, expertise, and sustainable sourcing strategy put us in a strong position for growth.

From my experience judging global coffee competitions, the key trends are clear—sustainability, high-value coffee, and research-driven innovation. These align with Kalve’s philosophy, ensuring we stay ahead in an evolving market.

**RAIMONDS SELGA**  
COO, Member of the Board



# 2024 FINANCE MANAGEMENT REPORT

From a financial perspective, 2024 was a year of both strong growth and strategic investments for future expansion. We achieved a 37% increase in revenue, reaching €3.4 million for the year, with both major Business Lines contributing. Revenue in our Coffee Shops increased by 46% in 2024 compared to 2023, driven by optimisation of revenue generation at existing locations and the expansion of our coffee shop network. Additionally, the B2B business line reached a 24% increase.

At the same time, we laid a solid foundation for future growth. Our successful IPO in December 2024 provided a €1.16 million cash injection, significantly strengthening our financial position. During the year, we allocated €0.35 million towards increasing our coffee shop network and acquiring coffee machines for our B2B segment. We also started upgrading our internet shop and IT infrastructure.

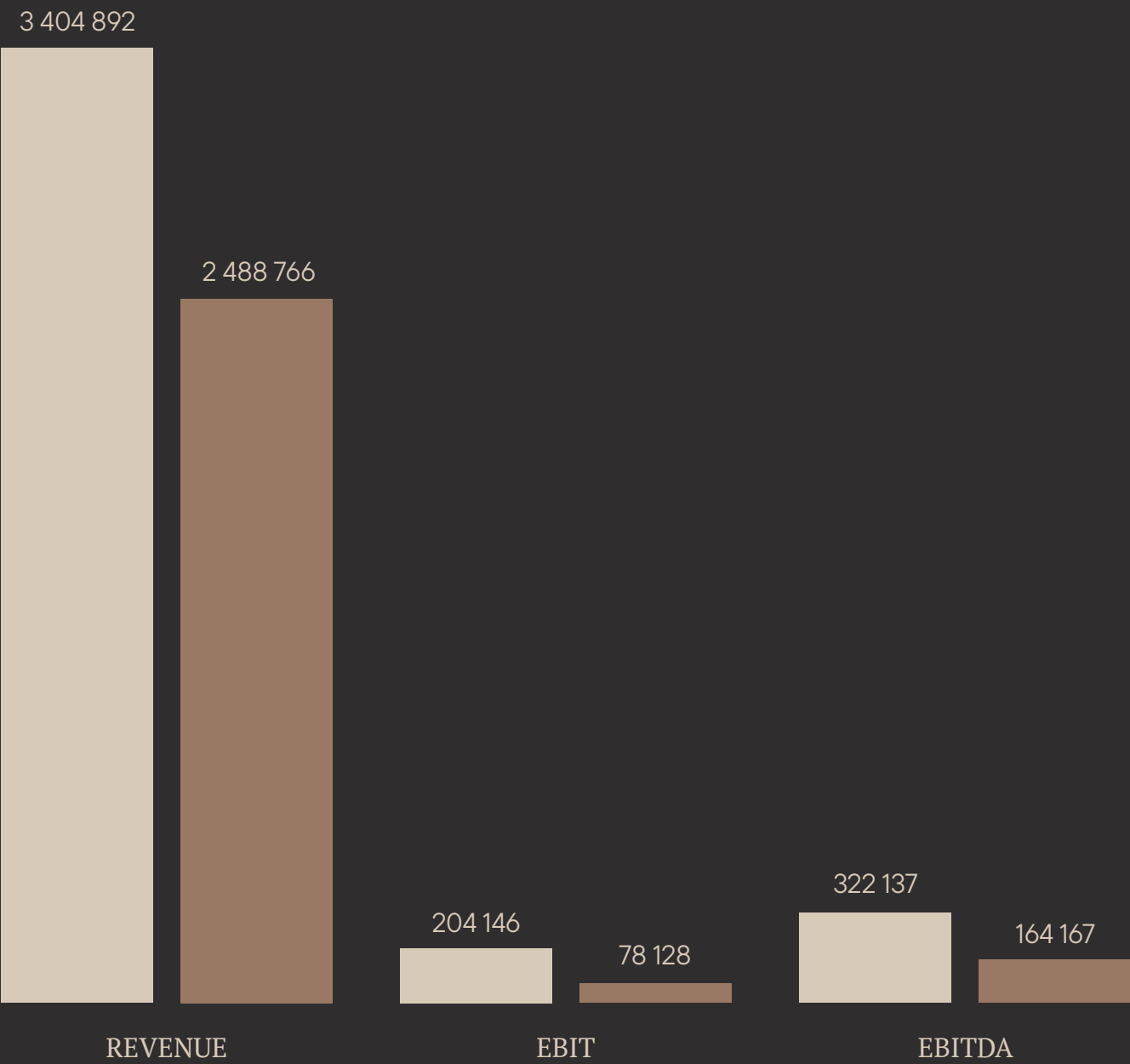
Profitability also improved, with EBIT reaching €204 thousand (compared to €78 thousand in the previous year) and EBITDA increasing to €322 thousand (2023: €164 thousand). These figures include €182 thousand in non-recurring IPO-related costs (covering fees, consulting services, and marketing expenses). Despite these additional costs, we succeeded in improving efficiency. EBIT margin improved by 3% points. Adjusted for IPO-related costs, EBIT margin reached 11%, further demonstrating our progress in operational efficiency.

All in all, we closed the year with a net profit of €186 thousand, representing a 248% increase compared to the previous year.

Free Cash Flow for 2024 was negative at €-232 thousand, reflecting a positive cash flow from operations, offset by €-351 thousand in investments. Cash flow from financing activities was primarily driven by €1.16 million from the IPO and additional debt, supporting our capital investments and reinforcing our financial position for future growth. The financial year closed with a strong net cash position of €1.15 million.

## FINANCIAL PERFORMANCE (EUR)

Comparison 2024 vs 2023





MANAGEMENT GUIDANCE FOR 2025

Based on the assumption of stable economic conditions and the absence of significant geopolitical disruptions in the Baltic region and key supplier markets, the Company targets an EBITDA of EUR 1 200 000 in 2025.

JĀNIS VIESTURS ZĒGNERIS  
CFO, Member of the Board





Key ratios & indicators (management data)	2024	2023	H2 2024	H2 2023
	EUR	Restated EUR	EUR	Restated EUR
Net turnover	3 404 892	2 488 766	1 912 643	1 424 784
Gross profit	1 649 127	970 914	964 572	562 176
1 Gross profit, %	48%	39%	50%	39%
EBIT	204 146	78 128	85 195	30 654
2 EBIT, %	6%	3%	4%	2%
EBITDA	322 137	164 167	152 032	79 395
3 EBITDA, %	9%	7%	8%	6%
4 EBITDA before exceptionals *	504 529	164 167	324 285	79 395
5 EBITDA before exceptionals, %	15%	7%	17%	6%
Profit or loss for the reporting year	185 845	53 439	76 216	15 178
Cash Flow from Operations	119 331	292 199		
Cash Flow from Investing Activities	(351 348)	(293 151)		
6 Free Cash Flow	(232 017)	(952)		
Cash Flow from Financing Activities	1 320 334	20 629		
Net Cash Flow	1 088 317	19 677		
Cash and cash equivalents at the end of the year	1 154 760	66 443		
Leverage ratios				
7 Debt to Equity	27%	180%		
8 Current Ratio (x)	2.7	0.7		
9 Quick Ratio (x)	2.2	0.3		

\* Exceptionals: non-recurring IPO-related costs

- 1 Gross Profit / Net turnover x 100

2 EBIT / Net turnover x 100

3 EBITDA / Net turnover x 100

4 IPO-related costs are classified as exceptional items in 2024 to better reflect the underlying performance

5 EBITDA before exceptionals / Net turnover x 100
- 6 Cash Flow from Operations  
(Incl. Result of fluctuations of foreign currency exchange rates)  
+ Cash Flow from Investing Activities

7 (Loans from credit institutions + Other loans ) / Total Equity

8 Total current assets / Total current liabilities

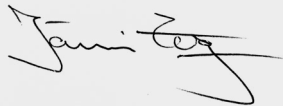
9 (Cash & Equivalents + Trade & Other Receivables) /  
Total current liabilities



GATIS ZĒMANIS  
CEO, Chairman of the Board



RAIMONDS SELGA  
COO, Member of the Board



JĀNIS VIESTURS ZĒGNERS  
CFO, Member of the Board





# FINANCIAL STATEMENTS



# INCOME STATEMENT

(CLASSIFIED PER FUNCTION OF EXPENDITURE)

	Note number	01.01.2024- 31.12.2024 EUR	01.01.2023- 31.12.2023 EUR
			Restated
Net turnover	3	3 404 892	2 488 766
Cost of goods sold or services provided	4	(1 755 765)	(1 517 852)
<b>Gross profit or loss</b>		<b>1 649 127</b>	<b>970 914</b>
Selling costs	5	(959 133)	(650 444)
Administrative costs	6	(482 990)	(233 668)
Other operating income		9 521	32 366
Other operating expense		(12 379)	(41 040)
Interest expense and similar costs		(16 894)	(20 939)
<b>Profit or loss before corporate income tax</b>		<b>187 252</b>	<b>57 189</b>
Corporate income tax for the reporting year		(1 407)	(3 750)
<b>Profit or loss for the reporting year</b>		<b>185 845</b>	<b>53 439</b>

Notes on pages 44 to 47 form an integral part of these financial statements.





# BALANCE SHEET

## ASSETS

	Note number	31.12.2024 EUR	31.12.2023 EUR
			Restated
Non-current investments			
Intangible assets			
Other intangible assets		13 715	
Total intangible assets	7	13 715	–
Property, plant and equipment			
Leasehold improvements		66 246	32 625
Equipment and machinery		86 093	102 521
Other fixtures and fittings, tools and equipment		387 811	239 363
Construction in progress		147 493	94 270
Total property, plant and equipment	8	687 643	468 779
Total non-current investments		701 358	468 779

Notes on pages 48 to 55 form an integral part of these financial statements.

	Note number	31.12.2024 EUR	31.12.2023 EUR
			Restated
Current assets			
Inventories			
Raw materials and consumables		177 302	89 504
Work in progress		21 140	14 526
Finished products and goods for sale		60 055	62 297
Prepayments for inventories		12 534	2 182
Total inventories		271 031	168 509
Debtors			
Trade receivables		74 015	76 736
Other receivables	9	35 746	8 779
Deferred expenses		8 802	1 625
Accrued revenue		6 042	
Total debtors		124 605	87 140
Cash	10	1 154 760	66 443
Total current assets		1 550 396	322 092
TOTAL ASSETS		2 251 754	790 871



# BALANCE SHEET

## LIABILITIES AND EQUITY

	Note number	31.12.2024 EUR	31.12.2023 EUR
			Restated
<b>Equity</b>			
Share capital	11	119 377	2 800
Stock (share) issue premium		1 143 261	
Previous years' retained earnings or accumulated loss		79 239	100 801
Profit or loss for the reporting year		185 845	53 439
<b>Total equity</b>		<b>1 527 722</b>	<b>157 040</b>
<b>Liabilities</b>			
<b>Non-current creditors</b>			
Loans from credit institutions	12	127 934	94 317
Other loans	13	21 577	77 175
<b>Total non-current liabilities</b>		<b>149 511</b>	<b>171 492</b>
<b>Short-term creditors</b>			
Loans from credit institutions	12	189 178	75 468
Other loans	13	78 797	35 030
Prepayments received from customers		1 560	6 021
Trade payables		99 136	38 231
Taxes and State mandatory social insurance contributions	14	81 218	216 555
Other creditors	15	58 656	44 366
Accrued liabilities	16	65 976	46 668
<b>Total current liabilities</b>		<b>574 521</b>	<b>462 339</b>
<b>Total liabilities</b>		<b>724 032</b>	<b>633 831</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2 251 754</b>	<b>790 871</b>

Notes on pages 48 to 55 form an integral part of these financial statements.





# CASH FLOW STATEMENT

## INDIRECT METHOD

	Note number	01.01.2024– 31.12.2024 EUR	01.01.2023– 31.12.2023 EUR
Cash flow from / (used in) operating activities			
Profit or loss before corporate income tax		187 252	57 189
Corrections:			
Depreciation and impairment of property, plant and equipment		117 771	86 038
Amortization and impairment of intangible assets		998	
Profit or loss from fluctuations of foreign currency rates		2 821	731
Corrections of reduction in value of long-term and short-term financial investments			10 000
Interest expense and similar costs		16 894	20 939
Profit or loss before adjustments for the effect of changes in current assets and current liabilities		325 736	174 897
Change in Working Capital:			
(Increase) or decrease in receivables		(37 465)	(20 849)
(Increase) or decrease in inventories		(102 522)	96 965
Increase or (decrease) in trade and other payables		(46 696)	65 406
Gross cash flow from/ (used in) operating activities		139 053	316 419
Interest paid		(15 694)	(19 739)
Corporate income tax paid		(1 207)	(3 750)
Net cash flow from/ (used in) operating activities		122 152	292 930
Cash flow from/(used in) investing activities			
Purchase of property, plant and equipment and intangible assets		(351 348)	(293 151)
Net cash generated from / (used in) investing activities		(351 348)	(293 151)

	Note number	01.01.2024– 31.12.2024 EUR	01.01.2023– 31.12.2023 EUR
Cash flow from /(used in) financing activities			
Proceeds from share capital increase, bonds issue		1 184 838	
Loans received		233 736	146 176
Repaid loans		(98 240)	(125 547)
Net cash from/ (used in) financing activities		1 320 334	20 629
Result of fluctuations of foreign currency exchange rates		(2 821)	(731)
Net increase /(decrease) in cash and cash equivalents		1 088 317	19 677
Cash and cash equivalents at the beginning of the year		66 443	46 766
Cash and cash equivalents at the end of the year	10	1 154 760	66 443



# STATEMENT OF CHANGES IN EQUITY

	Share capital	Stock (share) issue premium	Retained profits	Total equity
	EUR	EUR	EUR	EUR
As at 31.12.2022	2 800		100 800	103 601
Increase/decrease in retained profit			53 439	53 439
As at 31.12.2023	2 800	–	154 239	157 040
Increase/decrease in share capital	116 577	1 143 261		1 259 838
Increase/decrease in retained profit			110 844	110 844
As at 31.12.2024	119 377	1 143 261	265 083	1 527 722





# NOTES TO THE FINANCIAL STATEMENTS

**(1) Corporate information**

"AS Kalve Coffee" (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 24 January 2017. The registered office of the Company is at Mazcenu aleja 43B, Jaunmārupe, Mārupes pag., Mārupes nov., LV-2166.

The core business activity of the Company is the production and sale of coffee.

**(2) Significant accounting principles**

**Principles of preparation of financial statements**

The annual report has been prepared in accordance with laws of the Republic of Latvia – the Accounting Law and the Law on Annual Reports and Consolidated Annual Reports.

The statement of profit or loss has been prepared according to the function of expense method.

The statement of cash flows has been prepared in accordance with indirect method.

**Reporting period**

The reporting period is 12 months — from 01.01.2024 to 31.12.2024  
The previous reporting period is 12 months — from 01.01.2023 to 31.12.2023

**Accounting principles**

These financial statements are prepared on the going concern basis, the accounting and measurement methods applied are consistent with those of the previous financial year, and prudent estimates have been made in preparing these financial statements.

**Transactions in foreign currencies**

The presentation currency of the Company is the euro (EUR), the monetary unit of the European Union.

Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the euro foreign exchange reference rate published by the European Central Bank at the last day of the reporting year.

Foreign exchange gains and losses are recognised in the statement of profit or loss for the respective reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

## (2) Significant accounting principles

### Related parties

A related party is a person or an entity that is related to the reporting Company.

A person or a close member of that person's family is related to the reporting Company if that person has control, joint control or significant influence over the reporting Company or is a member of the key management personnel of the reporting Company or of a parent of the reporting Company.

An entity is related to the reporting Company if both are members of the same group. Besides, an entity is related to the reporting Company if the entity is controlled, jointly controlled or significantly influenced by a related party of the reporting Company or this related party of the reporting Company is a member of the key management personnel of that entity or of a parent of that entity.

### Intangible assets and property, plant and equipment

Property, plant and equipment are recognised at their acquisition value less depreciation and impairment, if applicable. The acquisition value of property, plant and equipment consists of purchase price, import duties and non-refundable purchase taxes, other costs directly attributable to delivery of the assets to their location and getting in the working condition pursuant to the suggested use. Depreciation is calculated over the useful life of the asset according to the linear method applying the following depreciation rates as the basis of calculation:

Buildings and structures	20 years
Technological equipment	5 years
Office equipment	3 years
Computer hardware	3 years
Motor vehicles	6 years
Other fixed assets	2 – 7 years

Land is not depreciated.

Intangible assets are recongised at their acquisition value less amortisation. Amortisation is calculated within the period of useful life of an asset according to the linear method, applying the following rates:

Licenses	5 – 10 years
Other intangible investments	5 years

Gains or losses from sales of property, plant and equipment are displayed in the income statement of the respective period. Repair or renovation expenses that increase the useful life of property, plant and equipment or their value are capitalised and written off within the period of useful life of assets. Other repair or renovation expenses are recognised as expense in profit and loss statement.

Expenses related to leasehold improvements are capitalised and displayed in the property, plant and equipment. Depreciation is calculated over the lease period using the linear method. Loan issue expenses that are directly related to formation of property, plant and equipment and construction in progress are capitalised, if such expenses are reasonably attributable and directly related. Loan issue expenses are capitalised before putting the property, plant and equipment into operation.

Research expenses are recognized in the statement of profit and loss of the reporting year they are incurred. The Company’s development costs are capitalized if their recoverability in the future may be substantially proved. Amortisation is calculated during the whole recovery period of development costs.

If any events or changes in circumstances indicate that the carrying value of fixed assets may be irrecoverable, the value of the relevant fixed assets is reviewed to determine their impairment. If there are indications of irrecoverability and if the asset's carrying amount exceeds the estimated recoverable amount, the asset's value is written down to its recoverable amount.

Unfinished construction comprises the cost of cost of construction and work-in-progress and is carried at cost. The initial value includes the cost of materials and other directly attributable costs. Depreciation is not calculated for objects under construction until the relevant asset is completed and put into operation.



# NOTES TO THE FINANCIAL STATEMENTS

## (2) Significant accounting principles

### Financial instruments

#### Long-term loans and claims

A financial asset created by the company by lending money or providing service directly to the debtor; not created with the purpose to sell it immediately or in the near future. Initially loans are recognised in their initial value set by adding the expenses related to issue of the loan to the fair value of the loan amount. After initial recognition the loans are recognised in their amortised value, applying the effective interest rate method. The amortised value is calculated with the account of the loan issue expenses as well as any loan-related discounts and bonuses. The profit or loss due to amortisation is displayed in the profit and loss statement as interest income and expenses. If active decrease in the value has occurred respective reserves are made.

#### Other long-term financial investments

Investments held to maturity — financial assets with fixed or determinable payments and fixed maturity that a company has the positive intention and ability to hold to maturity. Initially loans are recognised in their initial value set by adding the expenses related to issue of the loan to the fair value of the loan amount. After initial recognition the loans are recognised in their amortised value, applying the effective interest rate method.

Financial assets available for sale — financial assets other than issued loans, chargeable invoices and investments held to maturity; they can be sold to increase liquidity or in case of changes in the interest rates, bank rates and capital value. Financial assets available for sale are recognised in their fair value and changes in value in the period of origin are recognised in the equity capital, in the revaluation reserves. If there are objective references about the decrease in the asset value reserves for decrease in the asset value are made.

#### Short-term financial investments

Financial assets held for sale, acquired or created with the main purpose – to gain profit from short-term price or profit margin fluctuations. Financial assets available for sale are recognised in their fair value and changes in value in the period of origin are recognised in the equity capital, in the revaluation reserves.

### Valuation of Inventories

Inventory cost price is determined using FIFO method. Inventories are stated at the lower of cost or net realizable value at the balance date.

If inventory units are damaged, have become partly or totally obsolete, or the expenses of production completion or selling increase substantially – corresponding inventory units has to be valued at the net sales price. (Net sales price is the estimated sales price in ordinary transactions, less estimated expense till completion).

### Debtors

Debtors are recognized according to the amount of initial invoices, less allowances for doubtful debts. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts. Receivables are written off if their recovery is considered as impossible.

#### Provisions for bad and doubtful debtors

Provisions for bad and doubtful debtors are written off from the created reserves if their recovery is considered impossible. At the end of the year, the Company evaluated all receivables, bad debts were written off from the created provisions, but for doubtful debtors, provisions were made for doubtful receivables.

### Deferred expenses

Deferred expenses reflect the payments made during the accounting year, but the use of expenditure is referring to the following reporting periods. The balance value of the balance sheet asset is assessed to the extent that the expected economic benefit is expected in the following reporting periods.

### Cash

Cash is cash in hand and non-cash in payment accounts and deposit accounts.



# NOTES TO THE FINANCIAL STATEMENTS

(2) Significant accounting principles

Provisions

Provisions are recognised when there is obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation. Extent of the liabilities can be credibly assessed while a certain date of liabilities' occurrence or discharge is not precisely known.

Loans and borrowings

All borrowings are recognized initially at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. In subsequent periods, borrowings are recognized at amortized cost.

A borrowing is classified as long-term if the payment or write-off occurs later than one year after the end of the respective reporting year. Amounts payable or written off during the year are presented under short-term borrowings.

Financial leasing liabilities

Leases of assets under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased asset or the present value of the minimum lease payments at the inception of the lease. Lease interest payments are included in the income statement for the period in order to reflect a constant rate of lease liability.





# NOTES TO THE FINANCIAL STATEMENTS

## (2) Significant accounting principles

### Operating lease

**Lessee**  
Leases of assets under which the lessor assumes substantially all the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease are recognized as an expense over the term of the lease period using the linear method. The Company's liabilities arising from operating leases are recognized as off-balance sheet liabilities.

Costs of operating lease are charged to the income statement on a linear method basis over the period of the lease.

**Lessor**  
The lessor recognises the leased assets in an operating lease in the balance sheet assets according to the type of leased asset. The lessor recognizes operating lease income as income in the income statement over the lease term.

Depreciable leased assets are subject to the same depreciation policy as other similar fixed assets.

### Accrued liabilities

**Accrued liabilities for unused vacation compensation**  
Accrued liabilities for unused vacation compensations are established by multiplying the average salary for the last six months of the reporting period with the number of days of unused annual leaves on the end date of the reporting period, including also the mandatory state social insurance contributions made by the employer.

**Accrued liabilities for not received expense invoices**  
Accrued liabilities for unreceived invoices are clearly known trade liability sums for the goods or services received within the reporting year when a relevant payment document (an invoice) has failed to be received on the date of drawing up the balance sheet. The liability sums are calculated, based on the price, which is defined in the relevant agreement, and on the documents that approve actual receipt of the goods or services.

**Accrued liabilities for bonus compensation**  
Accrued liabilities for bonus payments are made according to the operational results of the reporting year. The accrued liabilities are diminished by making actual money payments to employees.

### Deferred income

Payments received before the balance sheet date, but referring to the next reporting periods or further reporting periods, is recognized as deferred income.

### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. Revenue is recognized by reference to the economic nature and substance of the transaction rather than its legal form.

**Sale of goods**  
The Company mainly sells self-roasted specialty coffee, provided for retail and wholesale customers through its own coffee shops, e-commerce platform, and third-party distribution channels.

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, and amounts of income earned and expense incurred in connection with the sale of the relevant goods can be measured reliably.

**Rendering of services**  
The company basically provides coffee equipment (coffee machines) rental services.

Revenue from services is recognized in the period in which the services are rendered. Revenue from coffee equipment rental services and corresponding expenses are recognized by reference to the stage of completion at the balance sheet date.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.



# NOTES TO THE FINANCIAL STATEMENTS

(2) Significant accounting principles

Corporate income tax

Corporate income tax expenses are included in financial statement based on management calculations according to laws of Republic of Latvia. Based on the Corporate Income tax law of the Republic of Latvia, starting from 1 January 2018 corporate income tax is applicable to distributed profits and several expenses that would be treated as profit distribution. The applicable corporate income tax rate is 20% or 20/80 from net expense . Corporate income tax on the payment of dividends is recognized in the profit or loss statement as a cost in the accounting period when the respective dividends are declared, while for other objects - at the time when the costs occurred within the accounting year.

Prior to the declaration of dividends, no provision for corporate income tax is recognized for the payment of dividends.

Reclassification

Certain items in the financial reports of 2023 have been reclassified to correspond to the form of reflecting this year’s report.

Please refer to the chapter "Restatement of Financials 2023" (pp. 56-57) for a more detailed overview.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable. The actual results may ultimately differ from those estimates (e.g., vacation pay reserve, etc.).

The Company based its assumptions and estimates on the parameters available when the financial statements were prepared. However, the current circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following estimates have a significant impact on the financial results:

- Provisions for doubtful debtors. The management of the Company evaluates the receivables and assesses their recoverability, making provisions for doubtful receivables if necessary. Provisions are established based on the recoverability analysis and the Company's cooperation experience with each individual customer. The Company's management has evaluated the receivables and is confident that provisions are sufficient as of 31 december 2024.
- Net book value of intangible and fixed assets. The Company's management evaluates the useful life and net book value of intangible and fixed assets and assesses whether there are any indications that the recoverable amount of the assets is lower than the accounting value. According to the Company's management, as of 31 December 2024 the Company's intangible and fixed assets are not impaired and are fully used in the Company's operations.
- The Company's management evaluates the carrying value of inventories and assesses whether the net realizable value exceeds the cost price. Allowances are made in order to write off the value of inventories to their net realizable value, if necessary. The Group's management has evaluated the net realizable value of inventories and considers that it is not necessary to make any adjustments with regards to the carrying value of inventories as of 31 December 2024.



# NOTES TO THE FINANCIAL STATEMENTS

(2) Significant accounting principles

Subsequent events

Subsequent events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.





# NOTES TO THE FINANCIAL STATEMENTS

<b>(3) Net turnover</b>		
Net turnover – proceeds from Company's major activity – sale of goods and provision of services without value added tax.		
<b>Type of activity</b>	<b>01.01.2024 - 31.12.2024 EUR</b>	<b>01.01.2023 - 31.12.2023 EUR Restated</b>
Revenue from wholesale	1 438 580	1 156 746
Revenue from retail	1 883 618	1 289 469
Revenue from E-Commerce activities	82 694	42 551
<b>Total</b>	<b>3 404 892</b>	<b>2 488 766</b>

<b>(4) Cost of goods sold or services provided</b>	<b>01.01.2024 - 31.12.2024 EUR</b>	<b>01.01.2023 - 31.12.2023 EUR Restated</b>
Costs of purchased raw materials	849 167	758 941
Personnel costs	300 387	261 470
Goods for Sale	274 869	215 139
Excise tax	98 867	67 593
Depreciation and amortization of fixed assets	54 345	38 164
Small Equipment costs	49 003	53 316
Goods Delivery costs	45 590	47 817
Rent and Lease costs	35 994	35 425
Utilities costs	20 582	11 378
Professional services costs	13 549	12 821
Transport costs	13 216	15 442
Customs	196	346
<b>Total</b>	<b>1 755 765</b>	<b>1 517 852</b>



# NOTES TO THE FINANCIAL STATEMENTS

(5) Selling costs	01.01.2024 - 31.12.2024 EUR	01.01.2023 - 31.12.2023 EUR Restated
Personnel costs	634 909	436 357
Other small purchases	63 756	24 505
Depreciation and amortization of fixed and intangible assets	53 148	45 071
Transportation costs	44 764	1 396
Rent and Lease costs	41 524	31 973
Utilities costs	39 776	32 215
Professional services costs	25 760	18 136
Design costs	11 451	27 461
Amortization of intangible assets	998	
Other Selling costs	43 047	33 330
<b>Total</b>	<b>959 133</b>	<b>650 444</b>

(6) Administrative costs	01.01.2024 - 31.12.2024 EUR	01.01.2023 - 31.12.2023 EUR Restated
IPO costs	182 392	
Personnel costs	138 023	95 298
Bank fees	25 745	16 118
Transportation costs	24 504	27 537
Rent and Lease costs	16 302	5 240
Insurance costs	15 557	5 594
Consulting costs	11 982	
Other small purchases	9 694	5 719
Professional services costs	8 008	4 980
Employee training costs	7 054	43 870
Software costs	7 310	2 270
Depreciation of fixed and intangible assets	4 985	2 804
Team Development costs	4 513	3 158
Communication costs	4 250	2 860
Utilities costs	2 345	345
State mandatory social insurance contributions	1 536	1 200
Penalties	193	122
Accounting and audit costs		2 500
Other administrative costs	18 597	14 053
<b>Total</b>	<b>482 990</b>	<b>233 668</b>



# NOTES TO THE FINANCIAL STATEMENTS

(7) Intangible assets		
	Other intangible assets	Total intangible assets
	EUR	EUR
Acquisition value		
12/31/2023	–	–
Additions	14 713	14 713
12/31/2024	14 713	14 713
Accumulated depreciation		
12/31/2023	–	–
Amortization charge	998	998
12/31/2024	998	998
Net book value 12/31/2023	–	–
Net book value 12/31/2024	13 715	13 715

(8) Property, plant and equipment					
	Leasehold improvements	Equipment and machinery	Other fixtures and fittings, tools and equipment	Construction in progress	Total fixed assets
	EUR	EUR	EUR	EUR	EUR
Acquisition value					
12/31/2022	–	119 248	142 418	–	261 666
Additions	32 625	2 700	163 556	94 270	293 151
Disposal			(4 990)		(4 990)
12/31/2023	32 625	121 948	300 984	94 270	549 827
Additions	41 742	3 359	238 311	53 223	336 635
Disposal			(9 551)		(9 551)
Reclassified					
12/31/2024	74 367	125 307	529 744	147 493	876 911
Accumulated depreciation					
12/31/2022					–
Depreciation charge		19 427	63 807	94 270	83 234
Depreciation of fixed assets that have been liquidated or reclassified			(2 186)		(2 186)
12/31/2023	–	19 427	61 621	94 270	81 048
Depreciation charge	8 121	19 787	84 570	94 270	112 487
Depreciation of fixed assets that have been liquidated or reclassified			(4 258)		(4 258)
12/31/2024	8 121	39 214	141 933	–	189 268
Net book value 12/31/2023	32 625	102 521	239 363	94 270	468 779
Net book value 12/31/2024	66 246	86 093	387 811	147 493	687 643



# NOTES TO THE FINANCIAL STATEMENTS

(9) Other receivables	31.12.2024 EUR	31.12.2023 EUR
Rental Security Deposits	27 022	8 034
Incorrectly Deposited Funds	353	
Packaging Deposits		745
Overpayment to creditors	8 371	
<b>Total</b>	<b>35 746</b>	<b>8 779</b>

(10) Cash	31.12.2024 EUR	31.12.2023 EUR
Cash in bank accounts	1 139 075	60 109
Cash on hand	15 685	6 314
Others		20
<b>Total</b>	<b>1 154 760</b>	<b>66 443</b>

<b>(11) Share capital</b>
On 31 December 2023, the share capital or equity capital has been fully paid. It consists of 2 800 capital shares with the nominal value of 1.00 EUR.
On 31 December 2024, the share capital has been fully paid. It consists of 1 193 773 shares with the nominal value of 0.10 EUR.





# NOTES TO THE FINANCIAL STATEMENTS

(12) Loans from credit institutions				
	% rate	Maturity date	31.12.2024 EUR	31.12.2023 EUR
Long-term loans (from 1 to 5 years)				
EUR	3.9% + EURIBOR 6M	15.04.2028	14 010	24 018
EUR	2-2.5%	15.03.2026	20 354	
EUR	3.1%	15.08.2029	93 570	
EUR	5.25%	15.11.2025		37 397
EUR	2.9% + EURIBOR 6M	15.12.2025		32 902
Total	X	X	127 934	94 317
Total long-term borrowings	X	X	127 934	94 317
Short-term loans				
EUR	5.25%	15.11.2025	33 456	32 556
EUR	2.9% + EURIBOR 6M	15.12.2025	32 902	32 904
EUR	3.9% + EURIBOR 6M	15.04.2028	10 008	10 008
EUR	2-2.5%	15.03.2026	74 646	
EUR	3.1%	15.08.2029	38 166	
Total	X	X	189 178	75 468

For the benefit of the Development Financial Institution Altum AS, all of the commercial pledge debtor's assets are pledged as a set of assets at the time of the pledge, as well as the future components of the asset set. Additionally, the participants have provided their personal guarantees. Furthermore, SIA "Liepnieki EKO" (Reg. No. 40103997687) has pledged with first claim rights the property located at Jaunrīteļi, Rendas Parish, Kuldīga Municipality, cadastral no. 6280-008-0111, for the claim amount of 161,150 EUR. The company participant, Toms Egle, has also pledged with secondary claim rights a property owned by him, located at Ostnieki, Skrunda Parish, Skrunda Municipality, cadastral no. 6229-005-0035, for the amount of 52,250 EUR.

(13) Other loans				
	% rate	Maturity date	31.12.2024 EUR	31.12.2023 EUR
Long-term loans (from 1 to 5 years)				
Financial Leasing	2.95-8.07	30.09.2028	14 577	31 858
Loans from Shareholders		19.04.2026	7 000	45 317
Total	X	X	21 577	77 175
Total long-term borrowings	X	X	21 577	77 175
Short-term loans				
Financial Leasing	2.95-8.07	30.09.2028	17 280	18 319
Loans from Shareholders			15 000	15 000
Loans from Shareholders		26.11.2025	46 517	
Loans from Shareholders				1 711
Total	X	X	78 797	35 030

The lease subject serves as collateral for the leasing agreements. Loans from participants are not secured.



# NOTES TO THE FINANCIAL STATEMENTS

(14) Taxes and State mandatory social insurance contributions		
Till 1 year	31.12.2024 EUR	31.12.2023 EUR
Value added tax	26 219	124 131
Personal income tax	14 884	27 459
State mandatory social insurance contributions	29 317	53 828
Corporate income tax	200	
Risk duties	24	36
Excise tax	10 575	11 101
Total	81 219	216 555

(15) Other creditors		
Short-term other creditors	31.12.2024 EUR	31.12.2023 EUR
Salary payments	55 281	43 897
Settlements with advance payment persons	1 937	469
Overpayments from debtors	1 438	
Total short-term other creditors	58 656	44 366

(16) Accrued liabilities		
	31.12.2024 EUR	31.12.2023 EUR
Accrued vacation pay	54 969	42 934
Accrued liabilities to suppliers	9 176	3 734
Accrued interest expense	1 831	
Total	65 976	46 668

(17) Average number of employees		
	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Members of the Board	2	1
Other employees	54	39
Average number of employees	56	40

(18) Personnel costs		
	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Salary	858 198	647 978
Mandatory state social insurance contributions	202 858	152 802
Other social security costs	229	186
Other personnel expenses	1 061 285	800 966

(19) Information on the payments for members of the council and the board		
The remuneration of members of the Supervisory Board and Board for fulfilment of their duties at the Supervisory Board and Board, as well as for performance of their work obligations is as follows:		
	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Members of the Board	67 846	39 598
Total	67 846	39 598



# NOTES TO THE FINANCIAL STATEMENTS

(20) Restatement financials 2023							
Income Statement, in €	2023	Personnel cost Reallocation	Business Trip costs	Depreciation	Transportation costs	Other	Restated
Revenue	2 488 766					0	2 488 766
Cost of goods sold or services provided	(1 932 072)	+350 425	+46 456	+32 485	(12 468)	(2 678)	(1 517 852)
Gross Profit	556 694	+350 425	+46 456	+32 485	(12 468)	(2 678)	970 914
Gross Profit, %	22%						39%
Selling costs	(198 667)	(436 357)		(32 485)	+12 437	+4 628	(650 444)
Administrative costs	(271 225)	+85 932	(46 456)		+640	(2 559)	(233 668)
Other operating income	32 366						32 366
Other operating expense	(41 040)						(41 040)
EBIT	78 128	0	0	0	+609	(609)	78 128
EBIT, %	3%						3%
Financial Result	(20 939)					0	(20 939)
Taxes	(3 750)					0	(3 750)
Net Income	53 439	0	0	0	+609	(609)	53 439
Net Income, %	2%						2%

Balance Sheet, in €	2023	Reclassification Coffee Machines for rental	2023 Restated
Leasehold improvements	32 625		32 625
Equipment and machinery	102 521		102 521
Other fixed assets and inventory	239 363		239 363
Construction in progress	0	94 270	94 270
Total property, plant and equipment	374 509	94 270	468 779
Raw materials and consumables	89 504		89 504
Work in progress	14 526		14 526
Finished products and goods for sale	156 567	(94 270)	62 297
Prepayments for inventories	2 182		2 182
Total inventories	262 779	(94 270)	168 509
Total debtors	87 140		87 140
Cash	66 443		66 443
TOTAL ASSETS	790 871	0	790 871



# NOTES TO THE FINANCIAL STATEMENTS

**(21) Important events after the end of the report year**

The Company has created a subsidiary in Estonia (" KALVE COFFEE OU") to prepare its market entry into the local market.

No other events have occurred between the end of the reporting year and the date of signing these financial statements that would have a material impact on the Company's financial position as of 31 December 2024 or that would require disclosure in these financial statements.

**(22) Going concern**

The financial statements are prepared on the assumption that the Company will continue as a going concern.

ANNUAL REPORT APPROVED BY

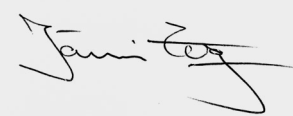
**GATIS ZĒMANIS**  
CEO, Chairman of the Board



**RAIMONDS SELGA**  
COO, Member of the Board



**JĀNIS VIESTURS ZĒGNERS**  
CFO, Member of the Board



ANNUAL REPORT PREPARED BY

**KARĪNA VASIĻJEVA**  
Head of Accounting



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