

Riga, June 2, 2025

Hestio AS

Reg. No. 40003972121;

Kleistu street 18A-2, Riga, LV-1067

Consolidated annual report for year 2024

This report is an English translation of the original Latvian

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CONCERN INFORMATION

Name of the Concern	Hestio AS		
Legal status of the Concern	Limited liability company		
Registration No., place and date	40003972121, Riga, 22.11.2007		
Registered office	Kleistu street 18A-2, Riga, LV-1067		
Major shareholders	"Bastions ZS" JSC (66.69 %), Reg. No. 40003218044, Legal address: Zemgalu street 8, Riga, LV-1006 "Uzņēmumu vadība" Ltd (33.31%), Reg. No. 50103799391, Legal address: Vienibas street 186A-19, Riga, LV-1058		
Members of the Board	From 25.10.2023 - at the moment of approval of the financial statement	Ivars Muzikants	Chairman of the Board
	From 06.06.2024 -at the moment of approval of the financial statement	Toms Bergs	Member of the Board
	From 11.07.2023 - at the moment of approval of the financial statement	Gustavs Dreimanis	Member of the Board
	From 15.02.2022 - 28.02.2025.	Reinis Tutāns	Member of the Board
Council members	From 25.10.2023 - at the moment of approval of the financial statement		
		Andris Laizāns	Chairman of the Board
		Artūrs Dombrovskis	Deputy Chairman of Council
		Andris Upmiņš	Council member
		Māra Zepa	Council member
		Atis Zvidriņš	Council member
Annual report drawn up by	Kristine Korpa	–	Chief Accountant
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	Retail of office items and coffee machine rental		
NACE classification code	47.12; 46.49; 47.91; 46.4; 46.39; 46.37; 46.36; 46.34		
Auditors	KPMG Baltics SIA Roberta Hirša str. 1 Riga, LV - 1045 License No. 55		Certified Auditor Rihards Grasis Certificate No. 227

MANAGEMENT REPORT

Type of activity

Retail of office items and coffee machine rental

Performance and Financial Situation of the Company

In the past year, the Company continued its strategic development by implementing the previously initiated changes in Hestio's sales strategy. As a result of these measures, the Company successfully maintained stable revenue of EUR 12.9 million.

At the same time, the Company's sales costs have significantly increased due to substantial investments in the development of the facility cleaning business line and improvements in the quality of other services. A major impact on Hestio's consolidated financial performance was also caused by the sharp rise in coffee bean prices, which surged by approximately 80% in the global market compared to December 2023. Although the price increase has been passed on to end consumers, part of the cost increase has nevertheless affected Auron Coffee Roastery's profitability. Additionally, Auron Coffee Roastery entered the HORECA market, requiring further financial investments. As a result, Hestio's consolidated EBITDA for 2024 declined by 8% to EUR 0.8 million. As part of the Company's growth strategy, a new subsidiary, SIA Printero, was established in 2024, specialising in textile and other product printing, manufacturing, and customisation.

Financial risk management

The main financial risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk.

Foreign currency risk

The Company have not Foreign currency risk, all deals mainly are in euro

Interest rate risk

The Company is exposed to interest rate risk mainly through its current borrowings. The Company's policy is to ensure that the majority of its borrowings are at a fixed rate.

Liquidity risk

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents or by arranging an adequate amount of committed credit facilities with banks.

Credit risk

The Company is exposed to credit risk through its trade receivables, issued current loans, as well as cash and cash equivalents. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on an individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized.

Important events after the end of the report year

In May 2025, a decision was made to sell the 85% shares owned by Hestio in the subsidiary Printero. This decision follows a comprehensive review of Printero's historical performance, which shows a significant insufficiency of sales volume and development progress compared to the planned. Updated future financial projections indicate that losses will substantially exceed initial forecasts. With the aim of preventing any further negative impact on the Group's overall financial results, it has been decided to divest the position.

Future Development Plans

The Company’s strategic focus moving forward is increasing e-commerce sales volumes and adapting operational processes to the specific requirements of the e-commerce business. These changes are aimed at improving profitability metrics and strengthening long-term competitiveness.

On behalf of the board:

Ivars Muzikants
(Chairman of the Board) _____
signature

Toms Bergs
(Board member) _____
signature

Gustavs Dreimanis
(Board member) _____
signature

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CONSOLIDATED INCOME STATEMENT

(classified per function of expenditure)

	Note number	2024 EUR	2023 EUR
Net turnover:	2	12 967 827	12 898 708
<i>a) from other main activity types.</i>		12 967 827	12 898 708
Production cost of goods sold, acquisition cost of goods sold or services provided	3	(7 194 971)	(7 435 059)
Gross profit or loss		5 772 856	5 463 649
Selling expenses	4	(5 100 545)	(4 723 180)
Administrative expenses	5	(663 979)	(628 867)
Other operating income	6	63 684	55 089
Other operating expenses	7	(66 511)	(42 924)
Other interest and similar income:		4 177	22
<i>a) from subsidiary companies,</i>		52	-
<i>b) from other persons.</i>		4 125	22
Interest payments and similar expenses:		(157 937)	(152 624)
<i>b) to other persons.</i>		(157 937)	(152 624)
Profit or loss before the corporate income tax		(148 254)	(28 835)
Corporate income tax for the reporting year		(5 417)	(427)
Profit or loss of the reporting year		(153 671)	(29 262)

Notes on pages 11 to 24 form an integral part of these financial statements.

On behalf of the board:

Ivars Muzikants
(Chairman of the Board)

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(Member of the Board)

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Gustavs Dreimanis
(Council member)

signature

Annual report drawn up by:

Kristine Korpa
(Chief Accountant)

signature

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CONSOLIDATED BALANCE SHEET

ASSETS	Note number	31.12.2024 EUR	31.12.2023 EUR
Long-term investments			
Intangible assets			
Concessions, patents, licences, trademarks and similar rights		52 976	38 549
Other intangible assets		111 222	115 340
Goodwill		115 871	168 625
Total intangible assets	8	280 069	322 514
Fixed assets			
Long-term investment in leased fixed assets		97 433	133 281
Technology devices and equipment		228 351	233 233
Other fixed assets and inventory		1 904 825	1 915 733
Total fixed assets	9	2 230 609	2 282 247
Total long-term investments		2 510 678	2 604 761
Current assets			
Inventories			
Raw materials, direct materials and auxiliary materials		231 584	82 153
Finished products and goods for sale		968 842	964 711
Advance payments for inventories		12 628	17 573
Total inventories		1 213 054	1 064 437
Receivables			
Trade receivables	10	1 024 751	918 614
Amounts owed by related companies	11	183 -	
Amounts owed by associated companies	12	18 000	-
Other receivables	13	37 833	44 394
Prepaid expenses		32 978	18 387
Accrued income		14 287	15 268
Total receivables		1 128 032	996 663
Short-term financial investments			
Shareholding in the capital of subsidiary companies	14	2 380 -	
Total short-term financial investments		2 380	-
Cash and cash equivalents	15	365 840	561 303
Total current assets		2 709 306	2 622 403
TOTAL ASSETS		5 219 984	5 227 164

Notes on pages 11 to 24 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

LIABILITIES	Note number	31.12.2024 EUR	31.12.2023 EUR
Equity capital			
Share capital (equity capital)	16	1 380 000	1 380 000
Reserves:		28 676	29 726
a) other reserves		28 676	29 726
Retained earnings or uncovered losses of previous years		31 132	60 394
Profit or loss of the reporting year		(153 671)	(29 262)
Total equity capital		1 286 137	1 440 858
Creditors			
Long-term liabilities			
Loans to bonds	17	1 051 765	1 020 795
Borrowings from credit institutions	18	63 189	89 460
Other borrowings	19	374 097	335 930
Total long-term liabilities		1 489 051	1 446 185
Short-term liabilities			
Borrowings from credit institutions	19	170 270	168 876
Other borrowings	20	367 262	364 629
Trade payables		1 245 417	1 209 165
Amounts owed to subsidiary companies	20	23 646 -	
Taxes and mandatory state social insurance contributions		279 836	287 839
Other liabilities	21	159 289	157 832
Accrued liabilities	22	199 076	151 780
Total short-term liabilities		2 444 796	2 340 121
Total liabilities		3 933 847	3 786 306
TOTAL LIABILITIES		5 219 984	5 227 164

Notes on pages 11 to 24 form an integral part of these financial statements.

On behalf of the board:

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(Chairman of the Board)

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(Council member)

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Annual report drawn up by:

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(Chief Accountant)

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STATEMENT OF CHANGES IN EQUITY

		Share capital	Reserves	Uncovered losses	Total equity
		EUR	EUR	EUR	EUR
As at	31.12.2022	1 380 000	30 775	60 394	1 471 169
Increase / decrease in reserve balance	-	-	(1 049) -	-	(1 049)
Losses for the reporting year		-	-	(29 262)	(29 262)
As at	31.12.2023	1 380 000	29 726	31 132	1 440 858
Increase / decrease in reserve balance	-	-	(1 050) -	-	(1 050)
Losses for the reporting year		-	-	(153 671)	(153 671)
As at	31.12.2024	1 380 000	28 676	(122 539)	1 286 137

Notes on pages 11 to 24 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

(1) Significant accounting principles

Principles of preparation of financial statements

The Annual Report has been prepared in accordance with the laws "On Accounting" and "Law On the Annual Financial Statements and Consolidated Financial Statements".

The income statement has been classified using function of expenditure method.

The consolidated cash flow statement is prepared using the indirect method.

Consolidation

The consolidated financial statements of the Group include:

Company name	Registration number	Country of incorporation	Principal activities	Controlled since
HESTIO, AS	40003972121	Latvia	Holding company, Retail of office items and coffee machine rental	-
AURON COFFEE ROASTERY SIA; Rīga Mellužu iela 13-11A, LV-1067*	40103391496	Latvia	Coffee production	15.11.2021

*The concern owns 100% - SIA AURON COFFEE shares.

The subsidiary company SIA Printero was established on October 21, 2024, and has recently started business operation. In accordance with Article 68, Paragraph 4 of the Law on Annual Reports and Consolidated Annual Reports, the financial information of SIA Printero is considered insignificant within the Group's consolidated financial statements and therefore is not consolidated. Additionally, in 2025, the Group management decided to sell the 85% shareholding in the subsidiary company Printero owned by Hestio.

Subsidiaries are the entities controlled by the Parent Company. Control is achieved when the Parent Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee;
- Has the ability to use its power to affect its returns.

The Parent Company reassesses 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 listed above.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial report of the parent company of the group has been prepared separately.

Reporting period

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

Accounting principles

The financial statement has been drawn up assuming that the concern will continue its operations in the future, the recording and assessment methods are applied consistently compared with the previous financial year and assessments are performed with due caution.

- a) only the profit acquired till the balance sheet date has been included in the report;
- b) or all expected risk amounts and losses incurred in the reporting year, or in the previous years have been included, even if they have become known during the time period between the balance sheet date and the day when the annual report has been signed;
- c) all depreciation and amortisation amounts have been calculated and taken into account.

The amounts of Balance and Profit or Loss statement items are provided on an accrual basis, namely, income and expense items are provided taking into consideration their time of occurrence, and not the time of cash receipt or issue. The expenses are reconciled with the revenue in the respective reporting periods. Amounts indicated on balance sheet items at the beginning of each reporting year (opening balances) correspond to amounts on the same balance sheet items in the prior reporting year (closing balances) (except for in cases when error corrections are made).

The components of assets and liabilities were assessed separately. Set-off between the asset and liability items of the balance sheet, or between the income and expense items of the profit and loss statement is prohibited (except for excluding long-term investments). In the Balance Sheet and Profit or Loss Account items the amounts are provided taking into account the content and nature of the operating transactions, not just their legal form. The Balance Sheet and Profit and Loss Account items are assessed in accordance with the purchase costs or production costs. Acquisition cost is the purchase price of a good or service (including the received discounts), plus the additional costs related to the purchase. Production cost is the cost of acquiring raw materials, basic materials and auxiliary materials and other expenses directly related to the production of the relevant item. The production cost price may also include such parts of costs, that are indirectly related to the production of the object, if these costs can be referred to the same time period

Transactions in foreign currencies

Financial reports are prepared in the single currency of the European Union, euro (EUR).

All transactions in foreign currencies are converted into euro according to the official currency exchange rate set by the European Central Bank on the respective day of transaction. All monetary assets and liabilities are converted into euro according to the exchange rate set by the European Central Bank on the last day of the financial year.

Profit or loss gained as a result of currency exchange rate fluctuations have been recognized in the income statement for the respective period.

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 they are members of the same group. Also an entity is related to the reporting Company if the entity is controlled, jointly controlled or significantly influenced by a related person of the reporting Company or this related person 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 fixed assets

Fixed assets are displayed in their acquisition value less depreciation. The acquisition value of fixed assets 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 and amortisation is calculated over the useful life of the asset according to the linear method applying the following depreciation rates as the basis of calculation:

Office equipment	3 years
Computer hardware	3 years
Motor vehicles	5 years
Other fixed assets	3-5 years

If it is found that the fixed asset is no longer functional or is partially functional, it is disposed of, or its accounting value is reduced according to its actual market value and degree of depreciation.

Intangible assets are displayed in their acquisition value less depreciation. Depreciation has been calculated within the period of useful life of an asset according to the linear method, applying the following rates:

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

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

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the net identifiable assets acquired and contingent liabilities assumed by the Group at the acquisition date. Goodwill is initially measured at the fair value of the consideration received, including the recognised amount of non-controlling interest in the acquiree, less the net recognised amount (usually the fair value) of the identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill is included in intangible assets.

Goodwill is allocated to cash-generating units and is stated at cost, less accumulated impairment losses, after initial recognition. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that its value may be impaired. The Company's goodwill is amortized over 5 years because it is not possible to reliably estimate its useful life.

Evaluation of inventories

Cost price of inventories is determined using FIFO method. Inventories are evaluated according to the cost price or the lowest market values on 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 forecasted sales price in ordinary business, less the calculated products completion and selling expenses).

Receivables

Receivables are recognized according to the amount of initial invoices, less accruals for doubtful debts. Accruals are made if receipt of full amount of the debt is doubtful. Debts are written off if their recovery is considered as impossible.

Provisions for bad and doubtful debtors

Provisions for bad and doubtful debtors are estimated over the whole year based on expected budget created as for proportional income and expense flows. Accounts receivables can be written off from the provisions if their recovery is considered to be impossible. At the end of the year the Company evaluates all account receivables - bad debts are written off, but doubtful debts are

Cash

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

Financial leasing liabilities

Lease is classified as a financial lease if in fact all risks and remunerations that are a characteristic of ownership are transferred to a tenant and if it corresponds to at least one of the following conditions:

- a) ownership to the leased asset will be transferred to the tenant upon expiration of the leasing term;
- b) the lease term includes the majority of the asset's time of useful use;
- c) the leased assets are so specific that only the tenant is entitled to use them without a significant modification.

The assets for financial lease are initially recognised as the Company's assets after their true value or after the current value of the minimum leasing payments if it is lower than the true value. Each of these values are determined on the date of acquiring the lease asset. Lease liabilities are included in the balance sheet as long-term and short-term liabilities of financial lease. Financial expenditure are reflected in the income statement on the relevant period so that a regular and periodic cost rate from the liability surplus would be provided for each reporting period.

Operative lease

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

Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement as interest income/ expense when the liabilities are derecognised through the amortisation process.

Sale and leaseback transactions

The Group has Buyback leasing transactions. They are not included in the profit and loss account, and their net result is 0 EUR. Buyback leasing transactions are related to the sale of fixed assets owned by the Group, mainly new coffee machines, and their receipt back under finance lease from the lessor company. They are accounted for and presented as finance leases in the following.

Accrued liabilities

Provisions for unused vacation compensation

The provision sum is established by multiplying the average wage 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.

Provision 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.

Recognition of income

Revenue recognition from the sale of goods is recognised as soon as a significant portion of ownership and risks of goods are transferred to the customer, and the reward can be measured reliably. Revenue from rendering of services is recognised in proportion to the stage of completion of the order. Dividend income is recognised when the shareholder's right to receive payment is established. Interest income is recognised in the corresponding period of time.

Corporate income tax

The corporate income tax for the reporting period consists of the calculated and deferred tax for such period. The corporate income tax is recognised in the profit or loss statement. The tax for the reporting period is calculated according to the provisions of the law "Enterprise Income Tax Law".

As of taxation year of 2018, corporate income tax will be calculated for distributed profit (dividends) and conditionally distributed profit by applying the rate of 20%. Corporate income tax will be recognised at the moment when the participants of the Company will make a decision on distribution of profit, or when the costs not promoting further development of the Company (conditionally distributed profit) will be recorded.

Application of assumptions

To prepare the financial statements, the Company's management makes judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and related assumptions are reviewed regularly. Changes to accounting estimates are recognized in the period in which the estimates are revised and in future periods.

The principal reasons for the inherent uncertainty in estimates are:

(i) The useful life of property, plant, and equipment (including intangible assets)

Management estimates the useful life of individual property, plant, and equipment and intangible assets (including intangible values) proportionally to the expected period of use (such as anticipated capacity or efficiency), based on historical experience with similar assets and intangible assets, as well as future plans.

(ii) The assessment of receivables from customers

The process of monitoring financial assets and determining impairment involves several significant risks and uncertainties. These risks and uncertainties include the possibility that the Company's assessment of the customer's ability to fulfill all contractual obligations may change in accordance with changes in the customer's credit rating, and the risk that the economic situation may deteriorate more than expected or impact customers more significantly.

Receivables from customers are valued in accordance with the prudence principle and are reported at net value in the balance sheet, deducting provisions for doubtful debts from the carrying amount.

Subsequent events

Post-year-end events that provide additional information about the Company'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.

(2) Net turnover:

Net turnover - proceeds from company's major activity - rendering of services without value added tax.

Type of activity	2024	2023
	EUR	EUR
Revenue from sales and services	12 967 827	12 898 708
Total	12 967 827	12 898 708

(3) Production cost of goods sold, acquisition cost of goods sold or services provided

	2024	2023
	EUR	EUR
Cost of goods purchased	6 660 770	6 775 613
Costs of raw materials and supplies	529 798	585 276
Excise duties	122 939	139 617
Received discounts	(118 536)	(65 447)
Total	7 194 971	7 435 059

(4) Selling expenses

	2024	2023
	EUR	EUR
Staff costs	2 373 237	2 064 308
Depreciation of fixed and intangible assets	819 471	781 070
Transport costs	536 710	528 271
Mandatory social insurance contributions	500 645	450 304
Communication costs, IT costs	270 475	222 465
Rentals	172 294	179 510
Office expenses	147 312	158 866
Advertising and marketing expenses	83 638	103 302
Employee Engagement and Sustainability	81 426	102 112
Staff meals	42 877	39 490
Packing material	29 395	36 788
Disposal of low-value inventory	8 608	10 498
Business trip expenses	6 587	2 629
Other selling expenses	27 870	43 567
Total	5 100 545	4 723 180

(5) Administrative expenses

	2024	2023
	EUR	EUR
Personnel expenses	380 896	409 866
Professional services expenses	89 417	32 221
Mandatory social insurance contributions	89 774	96 687
Communication expenses	35 787	41 698
Other administration expenses	68 105	48 395
Total	663 979	628 867

(6) Other operating income

	2024	2023
	EUR	EUR
Incomes from disposal of long-term investment objects*	15 738	18 696
Proceeds from sale of fixed assets	8 539	7 372
Revenue from rent		11 633
Other income	39 407	17 388
Total	63 684	55 089

(7) Other operating expenses

	2024	2023
	EUR	EUR
Non-business costs	21 282	1 563
Cost of goods for own consumption	17 276	24 924
Provisions for bad and doubtful debts	3 478	4 923
Nature conservation expenses	1 473	987
Paid fines and penalties	240	4 815
Other expenses	22 762	5 712
Total	66 511	42 924

***Information on profit or loss from disposal of long-term investment objects**

Long-term investment object	Balance value at the moment of exclusion	Alienation income	Alienation expenses	Gross income or profit	Profit or loss from the object's alienation
	EUR	EUR	EUR	EUR	EUR
Other fixed assets and inventory	33 088	48 826	-	15 738	15 738
Total	33 088	48 826	-	15 738	15 738

(8) Intangible assets

		Concessions, patents, licenses, trade marks and similar rights	Other intangible assets	Goodwill	Advances for intangible assets	Total intangible assets
		EUR	EUR	EUR	EUR	EUR
Acquisition value	31.12.2023	78 601	172 460	263 770	-	514 831
Additions		4 234	-	-	38 523	42 757
Disposal		(2 539)	-	-	-	(2 539)
Reclassified		12 523	26 000	-	(38 523)	0
Acquisition value	31.12.2024	92 819	198 460	263 770	0	555 049
Accumulated amortization	31.12.2023	(40 052)	(57 120)	(95 145)	-	(192 317)
Amortization charge		(2 330)	(30 118)	(52 754)	-	(85 202)
Amortization of intangible assets that have been liquidated or reclassified		2 539	-	-	-	2 539
Accumulated amortization	31.12.2024	(39 843)	(87 238)	(147 899)	-	(274 980)
Net book value	31.12.2023	38 549	115 340	168 625	-	322 514
Net book value	31.12.2024	52 976	111 222	115 871	0	280 069

* Goodwill was recognized as a result of the acquisition of a business in December 2021 and is being amortized on a straight-line basis over 5 years.

The Company's management has assessed that the acquired business is profitable, as a result of which no signs of impairment were identified as of 31 December 2024 and 31 December 2023.

(9) Fixed assets

		Investments in leasehold improvements	Machinery and equipment	Other fixed assets and inventory	Advances for fixed assets	Total fixed assets
		EUR	EUR	EUR	EUR	EUR
Acquisition value	31.12.2023	324 947	244 272	3 962 939	-	4 532 158
Additions		23 164	6 962	668 249	41 966	740 341
Reclassified				41 966	(41 966)	-
Disposal		-	-	(278 443)		(278 443)
Acquisition value	31.12.2024	348 111	251 234	4 394 711	-	4 994 056
Accumulated depreciation	31.12.2023	(191 666)	(11 039)	(2 047 206)	-	(2 249 911)
Calculated depreciation		(59 012)	(11 844)	(677 410)	-	(748 266)
Amortization of intangible assets that have been liquidated or reclassified		-	-	234 730	-	234 730
Accumulated depreciation	31.12.2024	(250 678)	(22 883)	(2 489 886)	-	(2 763 447)
Net book value	31.12.2023	133 281	233 233	1 915 733	-	2 282 247
	31.12.2024	97 433	228 351	1 904 825	-	2 230 609

(10) Trade receivables

	31.12.2024	31.12.2023
	EUR	EUR
Trade receivables carrying amount	1 041 491	934 463
Provisions for bad and doubtful debtors	(16 740)	(15 849)
Total	1 024 751	918 614

(11) Amounts owed by related companies

	31.12.2024	31.12.2023
	EUR	EUR
Carrying amount of trade receivables	183	-
Total	183	-

(12) Short term loans*

	Repayment period	Changes within the reporting period	31.12.2024	31.12.2023
	EUR	EUR	EUR	EUR
(no collateral received)				
PRINTERO SIA	23.11.2025	-	12 000	-
PRINTERO SIA	13.12.2025	-	6 000	-
Total short term loans		-	18 000	-

* In May 2025, the share capital of SIA Printero was increased and paid up, from which all liabilities, including AS Hestio, were repaid. During the first half of the year, it is planned to sell the shares of SIA Printero owned by AS Hestio.

(13) Other receivables

	31.12.2024	31.12.2023
	EUR	EUR
Security deposits	32 146	35 676
Supplier surplus	5 687	8 549
Corporate income tax advance payment	-	169
Total	37 833	44 394

(14) Shareholding in the capital of subsidiary companies

	31.12.2024	31.12.2023
	EUR	EUR
Investments in the beginning of period	-	-
Acquisition (+)	2 380	-
Investments in the beginning of period	2 380	-

Company name

	Owned shares, %	Acquisition value	Investment book value	Profit or loss	Subsidiary company's equity value on 31.12.2024
				Unaudited 2024 annual report	Unaudited 2024 annual report
PRINTERO SIA, Mellužu iela 13 - 11A, Rīga, LV-1067	85	2 380	2 380	(13 904)	(11 524)
		2 380	2 380	(13 904)	(11 524)

(15) Cash and cash equivalents

	31.12.2024	31.12.2023
	EUR	EUR
Cash in bank accounts (EUR)	365 840	561 303
Total	365 840	561 303

(16) Share capital (equity capital)

As of 31 December 2024 and 2023, the share capital is fully paid up. It consists of 1,380,000 capital shares with a nominal value of EUR 1.00.

	31.12.2024	31.12.2023
	EUR	EUR
	1 380 000	1 380 000

(17) Loans to bonds

On December 20, 2022, Hestio AS issued bonds with a maturity date of September 1, 2027, yearly interest rate 4.5%, interest rate per period 1.125 %the nominal value of one bond is EUR 0.01, the total value is EUR 990,000.00, the coupon payment frequency is 4 times a year. ISIN: LV0000802650. The terms of the bonds provide for the fulfillment of certain financial covenants in 2023 - Net Debt/ Equity<3,5 and DSCR indicator >1,3. Indicators on 12.2024 were fulfilled, as an agreement was reached with the KS AIF Altum capital fund that in the future the DSCR threshold will be reduced from 1.5 to 1.3.

	31.12.2024	31.12.2023
	EUR	EUR
Loans to be paid in 1 to 5 years	1 051 765	1 020 795
Total	1 051 765	1 020 795

(18) Borrowings from credit institutions

	Date of payment	31.12.2024	31.12.2023
		EUR	EUR
Long-term borrowings (more than 5 years)			
(see note 20 for collateral information)			
Attīstības finanšu institūcija ALTUM JSC			
	15.05.2028	63 189	89 460
Total		63 189	89 460
Short-term borrowings			
Attīstības finanšu institūcija ALTUM JSC			
	15.05.2028	26 270	26 270
Swedbank JSC			
	03.06.2025	144 000	142 606
Total short-term borrowings		170 270	168 876

(19) Other borrowings

	31.12.2024	31.12.2023
	EUR	EUR
Long-term borrowings (more than 1 year)		
Swedbank Līzings Ltd.	374 097	335 930
Total	374 097	335 930
	31.12.2024	31.12.2023
	EUR	EUR
Short-term borrowings (up to 1 year)		
Swedbank Līzings Ltd.	367 262	364 629
Total	367 262	364 629

As of December 31, 2024 the company has 18 financial lease agreements for car leases for 5 years and 11 financial lease agreements for coffee machines and water equipment leases for 3 years.

(20) Amounts owed to subsidiary companies

	31.12.2024	31.12.2023
	EUR	EUR
Short-term liabilities		
Expenses for Services Received and goods	23 646	-
Total short-term liabilities	23 646	-

(21) Other liabilities

	31.12.2024	31.12.2023
	EUR	EUR
Short-term other creditors		
Payments for wages	154 142	146 977
Overpayments made by customers	-	3 191
Security fee received from debtors	4 736	7 434
Settlement of claims against staff and short-term loans	411	230
Total long-term other creditors	159 289	157 832

(22) Accrued liabilities

	31.12.2024	31.12.2023
	EUR	EUR
Provisions for unused leave	155 779	131 454
Accrued commitments for services received and others	43 297	20 326
Total	199 076	151 780

(23) Average number of employees

	2024	2023
Members of the Board	6	2
Members of the Supervisory Board	3	3
Other employees	155	146
Average number of employees of reporting year	164	151

(24) Information on lease and rent agreements, that have important influence on company's activity

Premises lease agreement No. Ī-22 from 30.05.2016 with ABAVA Ltd. until 31.12.2029.

(25) Information on issued guarantees, warranties, and other possible liabilities and pledged assets

In connection with the Credit Line Agreement No. 22-006265-KR concluded by the subsidiary AURON COFFEE ROASTERY SIA with Swedbank AS for the amount of EUR 100,000, Hestio has concluded a Guarantee Agreement No. 22-006265-KR/2. The objects of the commercial pledge are Hestio AS's fixed assets and their accessories, intangible assets, and inventories.

(26) Reverse lease

In 2024, the Group recorded Leaseback transactions for the total amount of EUR 545,047, which are not included in the profit and loss account, their net result is EUR 0. The leaseback is related to the sale of fixed assets owned by the Group to SIA "Swedbank Līzings" and their receipt back under lease. The receipt back is presented in the balance sheet as Finance lease, in 2023 the Group had Leaseback transactions for the total amount of EUR 362,253, their net result is EUR 0.

(27) Important events after the end of the report year

In May 2025, a decision was made to sell the 85% shares owned by Hestio in the subsidiary Printero. This decision follows a comprehensive review of Printero's historical performance, which shows a significant insufficiency of sales volume and development progress compared to the planned. Updated future financial projections indicate that losses will substantially exceed initial forecasts. With the aim of preventing any further negative impact on the Group's overall financial results, it has been decided to divest the position.

(28) Financial risk management

The main financial risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk.

Foreign currency risk

The Company have not Foreign currency risk, all deals mainly are in euro

Interest rate risk

The Company is exposed to interest rate risk mainly through its current borrowings. The Company's policy is to ensure that the majority of its borrowings are at a fixed rate.

Liquidity risk

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents or by arranging an adequate amount of committed credit facilities with banks.

Credit risk

The Company is exposed to credit risk through its trade receivables, issued current loans, as well as cash and cash equivalents. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on an individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized.

(29) 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:

Supervisory Board	2024	2023
	EUR	EUR
Wages	27 390	36 584
Mandatory social insurance contributions	6 382	8 630
Total	33 772	45 214

Board	2024	2023
	EUR	EUR
Wages	210 596	128 208
Mandatory social insurance contributions	51 968	30 244
Total	262 564	158 453

(30) Personnel expenses

	2024	2023
	EUR	EUR
Wages	2 288 603	2 151 376
Mandatory state social insurance contributions	537 067	507 469
Other personnel expenses	2 825 670	2 658 844

(31) Proposal for Distribution of Profit or Covering of Loss

The losses for 2024 will be covered from the expected profits of the following years.

On behalf of the board:

Ivars Muzikants
(Chairman of the Board)

signature

Toms Bergs
(Board member)

signature

Gustavs Dreimanis
(Board member)

signature

Annual report drawn up by:

Kristine Korpa
(Chief Accountant)

signature

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC
SIGNATURE AND CONTAINS A TIME STAMP



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Independent Auditors' Report

To the shareholders of AS Hestio

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AS Hestio ("the Company") and its subsidiaries ("the Group") set out on pages 6 to 24 of the accompanying consolidated Annual Report, which comprise:

- the consolidated balance sheet as at 31 December 2024,
- the consolidated profit and loss statement for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of AS Hestio and its subsidiaries as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code) and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The corresponding prior period comparative information is based on the Group's financial statements for the year ended 31 December 2023, which were audited by other auditors who issued an unmodified opinion on 31 July 2024.



Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- Information about the Group, as set out on page 3 of the accompanying consolidated Annual Report,
- the Management Report, as set out on pages 4 and 5 of the accompanying consolidated Annual Report.

Our opinion on the consolidated financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia* section of our report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics SIA
Licence No. 55

Rihards Grasis

Rihards Grasis
Member of the Board
Latvian Sworn Auditor
Certificate No. 227
Riga, Latvia
2 June 2025

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.