

Riga, 29th of February, 2024

Hestio AS

Reg. No. 40003972121;
Kleistu street 18A-2, Riga, LV-1067

Financial report for the period 01.01.2023.-31.12.2023.

Unaudited

Hestio AS Reg. No. 40003972121; Kleistu street 18A-2, Riga, LV-1067,
financial statement for the period 01.01.2023.-31.12.2023.

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COMPANY INFORMATION

Name of the Company	Hestio AS		
Legal status of the Company	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: Zengalu 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 11.07.2022 - 27.06.2023	Artūrs Dombrovskis	Chairman of the Management Board
	From 11.07.2022. - 24.10.2023	Ineta Laizāne	Member of the Management Board
	From 11.07.2023 - till date of this report	Reinis Tutāns	Member of the Management Board
	From 11.07.2023 - till date of this report	Gustavs Dreimanis	Member of the Management Board
	From 12.07.2022. - 24.10.2023	Vika Lamberte	Member of the Management Board
	From 25.10.2023 - till date of this report	Ivars Muzikants	Chairman of the Management Board
Members of Supervisory Board	From 11.07.2022 - 09.02.2023.	Andris Laizāns Ivars Muzikants Guntis Rozenbahs Māra Zepa	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
	From 10.02.2023 - 24.10.2023.	Andris Laizāns Ivars Muzikants Guntis Rozenbahs Māra Zepa Atis Zvidriņš	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
	From 25.10.2023 - till date of this report	Andris Laizāns Artūrs Dombrovskis Andris Upmiņš Māra Zepa Atis Zvidriņš	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
Annual report drawn up by	Kristine Korpa		– Chief Accountant
Reporting year	from 01.01.2023	to	31.12.2023
Previous reporting year	from 01.01.2022	to	31.12.2022
Type of company's activity	Retail of office items and coffee machine rental		
NACE classification code	47.91; 53.20; 56.10; 77.33		

MANAGEMENT REPORT

Type of activity

Retail of office items and coffee machine rental

A brief description of the Company's activities in the reporting year and financial position

After more than 10 years of consistent turnover growth in 2023, it decreased by 1.2% year-on-year and reached EUR 12.9 million (unaudited). The primary focus of the Company's management and financial resources has been the reorganization of both management and internal processes and changes in the sales strategy in order to ensure an increase in profitability, as well as laying the groundwork for the achievement of medium and long-term goals. After making the changes, the Company achieved excellent sales and profitability figures during the last calendar quarter of 2023.

At the beginning of last year all the processes for roasting our own brand of coffee in the subsidiary Auron Coffee Roastery were launched. This included making recipes, bulk procurement of green coffee beans, roasting, quality control and packaging. By setting up an efficient production process, Auron Coffee Roastery is a significant source of profit within the Hestio Group. As a result, Hestio's consolidated EBITDA increased by 11% compared to 2022.

Future prospects and developments

Based on the implementation of the 2023 reorganization and strategic changes, in 2024 the Company will strive to improve profitability by streamlining business lines, further developing its pricing policy together with improved customer retention methods. The Company's management team will purposefully continue to strengthen the company's positions in the existing directions, as well as use opportunities to expand its market positions to pursue the achievement of strategic goals.

Going concern

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

Ivars Muzikants
(Chairman of the Board)

signature

29th of February, 2024

Reinis Tutāns
(Member of the Board)

signature

INCOME STATEMENT
(classified per function of expenditure)

	Note number	2023 EUR	2022 EUR
Net turnover:	2	12 898 693	13 058 019
<i>b) from other main activity types.</i>		<i>12 898 693</i>	<i>13 058 019</i>
Production cost of goods sold, acquisition cost of goods sold or services provided	3	(7 715 555)	(7 644 042)
Gross profit or loss		5 183 138	5 413 977
Selling expenses	4	(4 565 837)	(4 673 002)
Administrative expenses	5	(624 842)	(440 773)
Other operating income	6	43 960	50 291
Other operating expenses	7	(39 434)	(139 342)
Other interest and similar income:		3 383	2 097
<i>a) from subsidiary companies,</i>		<i>3 361</i>	<i>2 097</i>
<i>b) from other persons.</i>		<i>22</i>	<i>-</i>
Interest payments and similar expenses:		(132 181)	(50 822)
<i>b) to other persons.</i>		<i>(132 181)</i>	<i>(50 822)</i>
Profit or loss before the corporate income tax		(131 813)	162 426
Corporate income tax for the reporting year		(427)	(16 846)
Profit or loss after calculating the corporate income tax		(132 240)	145 580
Profit or loss of the reporting year		(132 240)	145 580

29th of February, 2024

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(Chairman of the Board)

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Reinis Tutāns
(Member of the Board)

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Annual report drawn up by:

Kristine Korpa
(Chief Accountant)

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BALANCE SHEET

ASSETS	Note number	31.12.2023 EUR	31.12.2022 EUR
Long-term investments			
Intangible assets			
Concessions, patents, licences, trademarks and similar rights		38 548	15 345
Other intangible assets		115 340	157 995
Goodwill		168 624	221 378
Total intangible assets	9	322 512	394 718
Fixed assets			
Long-term investment in leased fixed assets		120 090	178 499
Other fixed assets and inventory		1 908 820	1 803 555
Advance payments for fixed assets		-	1 381
Total fixed assets	10	2 028 910	1 983 435
Long-term financial investments			
Shareholding in the capital of subsidiary companies	11	37 986	37 986
Loans to subsidiary companies	12	97 500	97 500
Total long-term financial investments		135 486	135 486
Total long-term investments		2 486 908	2 513 639
Current assets			
Inventories			
Finished products and goods for sale	13	964 711	1 215 000
Advance payments for inventories		17 573	17 850
Total inventories		982 284	1 232 850
Receivables			
Trade receivables	14	901 115	939 216
Amounts owed by related companies	15	6 344	-
Other receivables	16	42 893	52 294
Prepaid expenses	17	18 139	16 156
Accrued income		15 268	2 589
Total receivables		983 759	1 010 255
Cash and cash equivalents	18	561 303	783 293
Total current assets		2 527 346	3 026 398
TOTAL ASSETS		5 014 254	5 540 037

BALANCE SHEET

LIABILITIES	Note number	31.12.2023 EUR	31.12.2022 EUR
Equity capital			
Share capital (equity capital)	19	1 380 000	1 380 000
Retained earnings or uncovered losses of previous years		149 255	3 675
Profit or loss of the reporting year		(132 240)	145 580
Total equity capital		1 397 015	1 529 255
Creditors			
Long-term liabilities			
Loans to bonds	20	1 020 795	990 000
Borrowings from credit institutions	21	-	68 000
Other borrowings	22	335 930	429 864
Taxes and mandatory state social insurance contributions	23	-	13 011
Total long-term liabilities		1 356 725	1 500 875
Short-term liabilities			
Borrowings from credit institutions	21	-	272 000
Other borrowings	22	364 629	302 325
Trade payables	24	1 200 007	1 123 890
Amounts owed to subsidiary companies	25	145 373	33 058
Taxes and mandatory state social insurance contributions	23	252 554	451 224
Other liabilities	26	153 358	172 523
Accrued liabilities	27	144 593	154 887
Derivative financial instruments		-	-
Total short-term liabilities		2 260 514	2 509 907
Total liabilities		3 617 239	4 010 782
TOTAL LIABILITIES		5 014 254	5 540 037

Ivars Muzikants
(Chairman of the Board)

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29th of February, 2024

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CASH FLOW STATEMENT
(indirect method)

	Note number	2023 EUR	2022 EUR
Cash flow of principal activity			
Profit or loss before enterprise income tax		(131 813)	162 426
Corrections:			
Corrections of decrease in value of fixed assets		702 397	580 827
Corrections of decrease in value of intangible assets		73 445	74 084
Creation of reserves (except reserves for bad debts)		-	-
Profit or loss from fluctuations of foreign currency rates		-	623
Revenue from participation in fixed capital of related undertakings,			(1 560)
Other revenue from interest and similar revenue		(3 383)	(2 097)
Interest payments and similar costs		132 181	50 822
Profit or loss before corrections of influence of changes in balances of current assets and short-term creditors		772 827	865 124
Corrections:			
Increase or decrease in balances of debts of debtors		29 879	(188 865)
Increase or decrease in balances of stocks		264 641	(107 686)
Increase or decrease in balances of debts to be paid to suppliers, contractors, and other creditors		40 379	234 293
Gross cash flow of principal activity		1 107 726	802 866
Expenses for interest payments		(132 181)	(50 822)
Expenses for enterprise income tax payments		(16 487)	(16 846)
Net cash flow of principal activity		959 058	735 198
Investment activity cash flow			
Acquisition of fixed assets and intangible assets		(391 055)	(776 807)
Revenue from sale of fixed assets and intangible investments		21 300	6 382
Loans issued		-	(1 770)
Interest received		-	20
Investment activity cash flow		(369 755)	(770 405)
Financing activity cash flow			
Loans received		30 795	990 000
Expenses for repayment of loans		(490 456)	(272 000)
Expenses for purchase of leased fixed asset		(340 000)	(497 574)
Financing activity cash flow		(799 661)	220 426
Result of fluctuations of foreign currency exchange rates		-	(623)
Net cash flow of the reporting year		(210 358)	184 596
Balance of cash and its equivalents at the beginning of the reporting year		783 293	780 566
Balance of cash and its equivalents at the end of the reporting	18	561 302	647 599

Ivars Muzikants
(Chairman of the Board)

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29th of February, 2024

Reinis Tutāns
(Member of the Board)

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(Chief Accountant)

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total equity
	EUR	EUR	EUR
As at 31.12.2021	860 000	523 675	1 383 675
Increase / decrease in share capital	520 000	(520 000)	-
Increase / decrease in share capital	-	145 580	145 580
As at 31.12.2022	1 380 000	149 255	1 529 255
Increase / decrease in share capital	-	-	-
Profit for the financial year	-	(132 240)	(132 240)
As at 31.12.2023	1 380 000	17 015	1 397 015

Ivars Muzikants
(Chairman of the Board)

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29th of February, 2024

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(Member of the Board)

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Annual report drawn up by:

Kristine Korpa
(Chief Accountant)

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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.

Reporting period

The reporting period is 12 months 01.01.2023 to 31.12.2023

The previous period is 12 months from 01.01.2022 to 31.12.2022

Accounting principles

The financial statement has been drawn up assuming that the company 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	30%
Computer hardware	33%
Motor vehicles	16%
Other fixed assets	14-50%

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:

Licenses	10-20%
Other intangible investments	30%

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.

Research costs are recognized as losses of the reporting year at the moment when they are incurred. The Company's development costs are capitalized if their recoverability in the future may be substantially proved. Amortization is calculated during the whole recovery period of development costs.

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 assigned to Provisions for doubtful debts.

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.

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

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as income and expenses. The management has assessed its income statement and concluded that the financial statements give a true and fair view of the financial position of the Company, based on all the information currently available.

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	2023	2022
	EUR	EUR
Revenue from sales and services	12 898 693	13 058 019
Total	12 898 693	13 058 019

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

	2023	2022
	EUR	EUR
Cost of goods purchased	7 793 995	7 728 226
Cost of goods after inventory	15 342	33 888
Item value changes	(28 335)	(13 340)
Received discounts	(65 447)	(104 732)
Total	7 715 555	7 644 042

(4) Selling expenses

	2023	2022
	EUR	EUR
Staff costs	1 982 083	2 262 854
Depreciation of fixed and intangible assets	753 911	651 414
Transport costs	528 271	477 717
Mandatory social insurance contributions	450 304	517 276
Communication costs, IT costs	222 465	133 526
Rentals	179 510	172 608
Office expenses	134 748	156 805
Advertising and marketing expenses	103 302	76 788
Employee Engagement and Sustainability	102 112	76 427
Staff meals	39 490	46 520
Packing material	36 788	37 848
Disposal of low-value inventory	10 498	19 483
Business trip expenses	2 629	3 488
Vacation reserves	(12 661)	6 443
Other selling expenses	32 387	33 805
Total	4 565 837	4 673 002

(5) Administrative expenses

	2023	2022
	EUR	EUR
Personnel expenses	409 866	234 284
Mandatory social insurance contributions	96 687	55 245
Communication expenses	41 698	37 827
Professional services expenses	29 852	58 123
Bank service expenses	3 874	5 203
Other administration expenses	42 865	50 091
Total	624 842	440 773

(6) Other operating income

	2023	2022
	EUR	EUR
Proceeds from sale of fixed assets	7 372	18 410
Other income	36 588	31 881
Total	43 960	50 291

(7) Other operating expenses

	2023	2022
	EUR	EUR
Cost of goods for own consumption	24 600	56 522
Provisions for bad and doubtful debts	4 923	7 031
Paid fines and penalties	4 815	1 041
Non-business costs	1 563	67 027
Nature conservation expenses	987	697
Loss from exchange rate fluctuations	-	623
Other expenses	2 546	6 401
Total	39 434	139 342

(8) 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
Object No. 1	1 443	5 950	-	4 507	4 507
Object No. 2	1 230	6 300	-	5 070	5 070
Object No. 3	4 390	6 446	-	2 056	2 056
Total	-	7 063	18 696	11 633	11 633

(9) Intangible assets

		Concessions, patents, licenses, trade marks and similar rights	Other intangible assets	Total intangible assets
		EUR	EUR	EUR
Acquisition value	31.12.2022	77 361	172 460	513 591
Additions		1 240	-	1 240
Disposal		-	-	-
Acquisition value	31.12.2023	78 601	172 460	514 831
Accumulated amortization	31.12.2022	(35 775)	(40 707)	(118 874)
Amortization charge		(4 278)	(16 413)	(73 445)
Amortization of intangible assets that have been liquidated or reclassified		-	-	-
Accumulated amortization	31.12.2023	(40 053)	(57 120)	(192 319)
Net book value	31.12.2022	41 586	131 753	394 717
Net book value	31.12.2023	38 548	115 340	512 804

(10) Fixed assets

		Investments in leasehold improvements	Other fixed assets and inventory	Advances for fixed assets	Total fixed assets
		EUR	EUR	EUR	EUR
Acquisition value	31.12.2021	253 871	3 355 732	1 381	3 610 984
Additions		35 578	734 813	64 073	834 464
Reclassification		-	-	(65 454)	(65 454)
Disposal		-	(125 130)	-	(125 130)
Value increase		-	(21 138)	-	(21 138)
Acquisition value	31.12.2023	289 449	3 944 277	-	4 233 726
Accumulated depreciation	31.12.2021	(75 372)	(1 552 177)	-	(1 627 549)
Depreciation charge		(93 987)	(608 410)	-	(702 397)
Amortization of intangible assets that have been liquidated or reclassified		-	125 130	-	125 130
Accumulated depreciation	31.12.2023	(169 359)	(2 035 457)	-	(2 204 816)
Net book value	31.12.2021	178 499	1 803 555	1 381	1 983 435
- Net book val	31.12.2023	120 090	1 908 820	-	2 028 910

(11) Shareholding in the capital of subsidiary companies

	31.12.2023	31.12.2022
	EUR	EUR
Investments in the beginning of period	37 986	37 986
Investments in the beginning of period	37 986	37 986

Company name

	Owned shares, %	Acquisition value	Investment book value	Profit or loss	Subsidiary company's equity value on 31.12.2023
				Unaudited	Unaudited
AURON COFFEE ROASTERY SIA, Mellužu iela 13 - 11A, Rīga, LV-1067	100	-	37 986	43 807	111 532
			37 986	43 807	111 532

(12) Loans to subsidiary companies

Long-term loans	Repayment period	within the reporting period	31.12.2023	31.12.2022
			EUR	EUR
AURON COFFEE ROASTERY SIA	27.09.2025		49 000	49 000
AURON COFFEE ROASTERY SIA	01.07.2025		48 500	48 500
Total long term loans			-	97 500

(13) Finished products and goods for sale

	31.12.2023	31.12.2022
	EUR	EUR
Goods for sale	964 711	1 215 000
Total	964 711	1 215 000

(14) Trade receivables

	31.12.2023	31.12.2022
	EUR	EUR
Trade receivables carrying amount	916 964	953 280
Provisions for bad and doubtful debtors	(15 849)	(14 064)
Total	901 115	939 216

Changes in provisions

	31.12.2023	31.12.2022
	EUR	EUR
Provisions at the beginning of the year	14 064	9 579
Increase	5 295	7 234
Loss of receivables	(3 510)	(2 747)
Provisions at the end of the year	15 850	14 064

(15) Debts of related companies

	31.12.2023	31.12.2022
	EUR	EUR
Book value of accounts payable	6 344	-
Total	6 344	-

(16) Other receivables

	31.12.2023	31.12.2022
	EUR	EUR
Security deposits	34 176	35 786
Supplier surplus	8 549	16 508
Corporate income tax advance payment	168	-
Total	42 893	52 294

(17) Prepaid expenses

	31.12.2023	31.12.2022
	EUR	EUR
Insurance	8 895	10 270
Software subscription programm	4 664	4 357
Other repaid expenses	4 580	1 529
Total	18 139	16 156

(18) Cash and cash equivalents

	31.12.2023	31.12.2023
	EUR	EUR
Cash in bank accounts (EUR)	561 303	780 566
Total	561 303	780 566

(19) Share capital (equity capital)

On December 31, 2023 and 2022, the share capital is fully paid. It consists of 1 380 000 capital shares with a nominal value of EUR 1.00.

	31.12.2023	31.12.2022
	EUR	EUR
	1 380 000	1 380 000

(20) Loans to bonds

On December 20, 2022, Hestio AS issued bonds with a maturity date of September 1, 2027, and an annual interest rate of 4.5%, 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 indicators (covenants) in 2023 - Net Debt/Equity, DSCR indicators.

	31.12.2023	31.12.2022
	EUR	EUR
Loans to be paid in 1 to 5 years	1 020 795	990 000
Total	1 020 795	990 000

(21) Borrowings from credit institutions

		Date of payment	31.12.2023 EUR	31.12.2022 EUR
Long-term borrowings (more than 5 years)				
Attīstības finanšu institūcija ALTUM	-	25.03.2024	-	68 000
Total			-	68 000

		Date of payment	31.12.2023 EUR	31.12.2022 EUR
Short-term borrowings				
Attīstības finanšu institūcija ALTUM				
JSC				272 000
Swedbank JSC		25.08.2021	-	-
Total			-	-
Total short-term borrowings			-	272 000

(22) Other borrowings

		31.12.2023 EUR	31.12.2022 EUR
Long-term borrowings (more than 1 year)			
Swedbank Līzings Ltd.		335 930	429 864
Total		335 930	429 864

		31.12.2023 EUR	31.12.2022 EUR
Short-term borrowings (up to 1 year)			
Swedbank Līzings Ltd.		364 629	302 325
Total		364 629	302 325

(23) Taxes and mandatory state social insurance contributions

		31.12.2023 EUR	31.12.2022 EUR
Long-term debts (from 1 to 5 years)		-	13 011
Short-term debts		252 554	451 224
Total		252 554	464 235

Tax during the reporting year

	Residue 31.12.2022 EUR	Calculated 2023 EUR	Paid 2023 EUR	Residue 31.12.2023 EUR
Value added tax	202 427	1 377 353	(1 443 155)	136 627
Social contributions	173 409	795 116	(891 650)	76 876
Personal income tax	71 815	397 661	(430 949)	38 527
Company Car Tax	402	4 666	(4 663)	406
Natural resources tax	1	60	(61)	-
Risk duties	57	648	(652)	53
	-	514	(514)	-
Natural resources tax	16 125	427	(16 487)	65
Total	464 236	2 576 445	(2 788 131)	252 554

(24) Trade payables	31.12.2023	31.12.2022
	EUR	EUR
Debts to suppliers and contractors	1 200 007	1 123 890
	1 200 007	1 123 890
(25) Amounts owed to subsidiary companies	31.12.2023	31.12.2022
	EUR	EUR
Short-term liabilities		
Expenses for Services Received	145 373	33 058
Total short-term liabilities	145 373	33 058
(26) Other liabilities	31.12.2023	31.12.2022
	EUR	EUR
Short-term other creditors		
Salary	142 503	136 138
Overpayments made by customers	3 191	32 731
Security fee received from debtors	7 434	3 011
Settlement of claims against staff and short-term loans	230	643
Total long-term other creditors	153 358	172 523
(27) Accrued liabilities	31.12.2023	31.12.2022
	EUR	EUR
Provisions for unused leave	131 454	144 115
Accrued commitments for services received	13 139	10 772
Total	144 593	154 887
(27) Average number of employees	2023	2022
Members of the Board	2	2
Other employees	149	121
Average number of employees of reporting year	151	123

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

In connection with the received loan (see note No. 20), the objects of the commercial pledge are the fixed assets of Hestio AS and their accessories, intangible investments, stocks worth EUR 2 500 000.00.

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

Premises lease agreement No. Ī-22 from 30.05.2016, concluded with ABAVA Ltd

(30) Reverse lease

In 2019, the company accounts for reverse financial leasing transactions for a total of EUR 255 876 which is not included in Profit and loss statement. Reverse financial leasing is associated with company's owned assets sold to leasing company Swedbank Lizings, Ltd. and received back afterwards. Receival back is indicated as Financial leasing in Balance sheet.

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

In the period since the last day of the reporting year and the date of signing these financial statements, there have been no other significant events that would significantly affect the Company's financial position as of December 31, 2023.

(32) Financial risk management

The financial assets are mainly made up of trade receivables denominated in euro, as well as of deposits in credit institutions. The majority of financial liabilities are debts to suppliers for goods and services, denominated in different currencies, as a result the Company is exposed to currency exchange risks. Funds are mainly held in well known Latvian financial institutions. The main creditor of the Company is "SWEDBANK" JSC which credits the Company's short-term and long-term financial operations. As a result the Company is exposed to interest rate risk and it could influence the operational result of the Company. There is no essential difference between the balance value of assets and liabilities and their fair value. The Company has not used derivative financial instruments during the reporting period.

(33) 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:

Type of costs	2023	2022
	EUR	EUR
Wages	164 792	200 638
Mandatory state social insurance contributions	38 874	47 530
Total	203 666	248 168

(34) Personnel expenses

	2023	2022
	EUR	EUR
Wages	2 151 376	2 223 831
Mandatory state social insurance contributions	507 469	530 048
Other personnel expenses	2 658 845	2 753 878

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

The losses of 2023 will be covered from the accumulated profits of previous years.

Ivars Muzikants
(Chairman of the Board)

signature

29th of February, 2024

Reinis Tutāns
(Member of the Board)

signature

Annual report drawn up by:

Kristine Korpa
(Chief Accountant)

signature