



## REPORT OF THE COUNCIL OF AS VIRŠI-A TO THE SHAREHOLDERS' MEETING ON THE ANNUAL REPORTS AND THE BUSINESS ACTIVITIES IN 2022

*Aizkraukle, 25 April 2023*

2022 has been a challenging year, both globally and in Latvia, for AS VIRŠI-A (VIRŠI) and its related companies. Russia's full-scale attack on Ukraine on 24 February 2022 marked a new geopolitical reality. For VIRŠI, this meant terminating cooperation with partners in the Russian and Belarusian markets and adjusting to significant changes in energy prices. Despite these changes, the company's performance in 2022 can be considered a success. The Company achieved all-time highest results in various financial indicators. Compared to 2021, the Company has increased turnover by 70%, EBITDA by 27% and net profit by 57%. The group's profit in 2022 reached EUR 10.4 million.

VIRŠI has continued to actively pursue the objectives defined when it became a public Company and started trading its shares on Nasdaq Baltic. In 2022, the Company has opened 5 new service stations, 4 of which are located in Riga. In the energy segment, the company has continued to increase electricity sales to business customers and has invested significant resources in staff and IT infrastructure to start electricity sales to households in the second half of 2023. Active work continues on the implementation of various sustainability-related projects. For example, a significant part of the service station network is being equipped with solar panels, a project to install 20 high-capacity charging points for electric vehicles is being developed, and work is continuing on exploring the possibilities of biomethane production. In the natural gas segment, the construction of a compressed natural gas slow filling station for the bus fleet of AS Daugavpils satiksme was a significant project, which was the first technical solution of its kind in Latvia and demonstrated the competences of VIRŠI in the implementation of complex projects.

Despite the fact that VIRŠI does not have many years of experience as a public Company, significant recognition of VIRŠI professionalism is the award it received in 2022 – Nasdaq Baltic Award for Best Investor Relations on the First North Share List.

VIRŠI has defined its employees as its main company value, which is why in 2022, taking into account market trends, the salaries of petrol station employees were increased and work on improving the remuneration system was carried out.

In 2022, the Council held 29 meetings and decided on matters where the Management Board must receive approval from the Council in accordance with the Articles of Association and the Commercial Law and advised the Management Board on general corporate strategy issues. The members of the Council have closely followed the implementation of the Company's strategic objectives and have read the financial statements of 2022 prepared by the Management Board and the reports issued thereon by a certified auditor from KPMG Baltics SIA. In the auditors' opinion, the financial statements of VIRŠI give a true and fair view of the financial position of the Company as of 31 December 2022 and of its financial performance and its cash flows for the year ended on 31 December 2022. The Council submits for approval at the Shareholders' Meeting of VIRŠI, the resolutions prepared by the Management Board on the approval of the 2022 consolidated financial statements and the annual report of VIRŠI, the distribution of profits, the approval of the Council's remuneration and the appointment of KPMG Baltics SIA as the auditor to review the reorganisation agreement. In the Council's view, consolidation of AS VIRŠI-A and SIA Viršu nekustamie īpašumi is acceptable and will allow more efficient use of the administrative resources of the group companies.

Looking back at the past year, the Council acknowledges that VIRŠI has overcome all the challenges facing the Company in 2022 with professional diligence. The Council expresses its gratitude to the Management Board and all employees for their contribution to the continued growth of VIRŠI and its related companies.

Chairman of the Council: **Jānis Riekstiņš**