

**AS Virši-A**

(UNIFIED REGISTRATION NUMBER 40003242737)

**ANNUAL REPORT FOR 2022**

**PREPARED IN ACCORDANCE WITH THE 'ANNUAL REPORTS AND  
CONSOLIDATED ANNUAL REPORT LAW'  
AND INDEPENDENT AUDITORS' REPORT**

**Riga, 2023**

## Contents

---

Information on the Company	3
Management report	4
Profit and loss statement	7
Balance sheet	8
Statement of cash flow	10
Statement of changes in the shareholder's equity	11
Notes to the financial statements	12
Independent Auditors' Report	31

## Information on the Company

---

Name of the Company	<b>Virši-A</b>
Legal form	Joint Stock Company
Registration number and date	40003242737, 6 January 1995
Legal address	Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads, Latvia, LV-5101
Shareholders (above 5%)	Jānis Riekstiņš – 21.05% of shares Jānis Rušmanis – 20.88% of shares Rūta Plūme – 20.85% of shares Andris Priedītis – 12.83% of shares Ilgvars Zuzulis – 12.81% of shares
Members of the Board	Jānis Vība, Chairman of the Board Linda Prūse, Member of the Board Vita Čirjevska, Member of the Board
Members of the Council	Jānis Riekstiņš, Chairman of the Council Jānis Rušmanis, Deputy Chairman of the Council Ilgvars Zuzulis, Member of the Council Andris Priedītis, Member of the Council Ivars Blumbergs, Member of the Council Silva Skudra, Member of the Council
Information on subsidiaries	Viršu nekustamie īpašumi, SIA Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads, Latvia, LV-5101 Holding: 100.00% VIRŠI loģistika, SIA Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads, Latvia, LV-5101 Holding: 100.00% VIRŠI Renergy, SIA Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads, Latvia, LV-5101 Holding: 100.00%
Information on associated companies	GasOn, SIA Tallinas iela 17-4, Rīga, Latvia, LV-1012 Holding: 30.00% Skulte LNG Terminal AS Dzirnavu iela 36, Rīga, LV-1010 Holding: 19.23%, from 31.05.2022
Chief Accountant	Jeļena Laurinaviča
Auditors	KPMG Baltics SIA Roberta Hirša iela 1 Rīga, LV 1045, Latvia Licence No. 55

## Management Report

---

### Line of business

AS Virši-A is the largest local fuel trader with 100% Latvian capital (hereinafter also referred to as “the Company”). The Company is engaged in wholesale and retail sale of oil products and retail sale of car goods and groceries through the network of own filling stations. The Company's share capital amounts to EUR 7 557 210.50 and consists 15 114 421 shares. Nominal value per share is EUR 0.50. All shares are fully paid up.

### The Company's activities during the reporting year

In 2022, the Company actively continued to expand its network, opening 5 new filling stations, 4 of which are located in Riga and the neighbouring regions, as well as a new filling station in Daugavpils. The Company also continued to improve the availability of compressed natural gas (CNG) on the market by offering the CNG product at the newly built Daugavpils filling station, thus providing compressed natural gas refuelling opportunities for the bus fleet of AS *Daugavpils Satiksme*. Given that CNG is currently the most optimal solution to reduce the harmful emissions from lorries the development of the network helps Latvia achieve the objective of reducing the amount of harmful emissions in the transport sector. The network of AS VIRŠI-A consists of 70 filling stations, of which nine offer CNG.

In 2022, the Group started efforts to significantly expand the EV charging network, and improve its accessibility and quality - the first electric car charging station was installed at Krustpils filling station, marking the first Virši-branded solution on the market. Also an agreement was signed with the European Executive Agency for Climate, Infrastructure and Environment to use the Alternative Fuel Infrastructure Facility (AFIF) to develop 20 new Virši EV charging stations.

The amount of fuel sold by the Company in tons and the turnover of goods increased during the year, which contributed to an overall increase in net sales during 2022 by 59%, profit amounted to EUR 5 448 808, which is 0.7% more than in 2021. The Company's operating profit margin in 2022 was 1.6% (2021: 2.5%).

In order to provide customers with high quality fuel the largest fuel supplier for the network of filling stations of AS Virši-A remains SIA Orlen Latvija. SIA Orlen Latvija is the representative office of the Lithuanian oil processing company Orlen Lietuva and it is responsible for the sale of oil products in Latvia imported from the oil processing plant in Mazeiki. Orlen is the second largest oil processing company in Central Europe.

In 2018, AS Virši-A was entered in the register of participants of the Extended Cooperation Programme of the SRS, and in 2021 and 2022 the Company was a gold level member of the programme. In 2022, tax payments were made in excess of EUR 59.3 million.

### Shares of AS VIRŠI-A listed on the alternative market First North

Encouraged by strong financial performance and rapid growth over the last five years accompanied by an ambitious and sound future growth strategy the shareholders and management of AS Virši-A initiated an Initial Public Offering (IPO) in the second half of 2021. The main aim of the IPO is to raise additional capital in order to further accelerate the Group's future growth strategy. The decision and future vision was presented to the market in April 2021. One of the objectives of the Group during the IPO from 25 October to 5 November 2021 was to address the existing loyal clients who visit filling stations of the Group daily and to promote future growth by investing funds attracted as a result of IPO in further development of biomethane and compressed natural gas (CNG) products, EV charging points and solar panel solutions in the Group's operations, and improvements to the IT infrastructure.

Alongside the IPO, the Company's management developed a new share option programme aimed at supporting growth through motivating senior management and appreciating the contribution of long-term employees.

The share option programme was established for key management personnel and senior employees. Under the terms of the programme, holders of options granted will be entitled to receive their shares at the end of the exercise period. The total amount of share options vested is 53 301. The purchase price is set at EUR 0 and all shares will vest at the end of the three-year exercise period. The key inputs used to measure the fair value of share options were the Company's share price at the time the share options were granted.

During 2022, a first option conversion was carried out, increasing the share capital and issuing additional 23 212 shares for a total value of EUR 11 606.

Investors who hold at least 100 shares qualify for Virši Shareholders Loyalty Programme which involves special offers of fuel and other goods in the filling stations of the Group.

## Management Report

---

### ESG reporting

Environmental, social and governance issues are gaining momentum among both society and business. Over the last decade, climate change, resource scarcity, social inequalities, discrimination, various crises and conflicts have vividly illustrated the challenges facing contemporary societies. Also, the performance and achievements of any company should be considered also in the context of sustainability with performance indicators assessed in conjunction with environmental, social and corporate governance matters. This provides a significantly deeper and wider insight into operations of the company and fosters transparency. In 2022, the Company continued its reporting practice and prepared its second non-financial report on the implementation of environmental, social responsibility and corporate governance principles. The report was prepared to introduce clients, employees, future investors and shareholders, and the wider public to ESG indicators and initiatives to be taken by Virši in future years.

In 2022, a Materiality Analysis of the Sustainability Objectives was carried out to ensure a common understanding of the environmental impact of the business and the main challenges and objectives of the Company's operations. In the analysis, the Company's stakeholders - business partners, investors, policy makers, the financial sector, academia, the non-governmental sector and industry associations with experience in working with companies in the aforementioned sectors, policy making and attracting investment - were asked, in face-to-face interviews, about their key sustainability objectives for the oil, energy and food retail sector and its sustainable development in Latvia. Stakeholders' views on the Company's sustainability issues will help map the company's environmental, social and governance impacts and highlight potential sustainability themes that will form the basis of the Company's sustainability plans.

### Environment protection measures

AS VIRŠI-A and its subsidiaries take an integrated approach to prevention and control of pollution and are compliant with the environmental requirements set forth in category C and B polluting activity permits and laws and regulations.

AS VIRŠI-A operates efficiently and has certified environmental and energy management systems, ensuring continuous improvement of the company's operations and alignment of objectives with environmental protection and energy efficiency improvement. Since 2015, the Company has continued to maintain the operational and investment strategy in line with ISO 50001, and in 2021 Virši aimed to raise quality standards and implement an environmental management system in line with ISO 14001:2015; as a result, AS Virši-A was certified in September 2022. In order to improve the company's processes, the interaction between them and the quality of products and goods, the existing management systems were supplemented in autumn 2022 with a quality management system compliant with ISO 9001:2015. Energy management, environmental and quality system commitments are respected and complied with in the storage and sale of fuel products, procurement, acquisition of new process equipment, station refurbishment and new development projects, sale of goods and products, and in customer service.

### Personnel

The labour market situation in the Latvian economy continued to be tight during the reporting period, with the supply of vacancies significantly outstripping demand and, according to the latest report of the State Employment Agency, it is particularly tight in the retail sector.

In the first half of 2022, the Company prioritised strengthening the well-being of staff by improving the employer's offer for attracting and retaining staff in the long term. A particular focus during 2022 was on the retail network employees, whose number continues to grow as a result of the expansion of the network of AS "VIRŠI-A".

In May 2022, the Company organised a corporate update event *Viršu Forums 2022 - Aizrautība ir mūsu degviela (Passion is our Fuel)* to bring together employees to inspire, inform and engage after prolonged constraints of the pandemic.

Continuing the employee share option programme, the first option conversion was carried out, increasing the share capital and issuing an additional 23 212 shares. The share option programme has been successful in motivating managers and long-serving staff.

### Support to Latvia State Blood Donor Centre

In 2022, the changing and unpredictable nature of Covid-19 had a significant impact on the Latvian blood donor movement, and the importance of continuity of blood donation increased in the unstable geopolitical situation, so the Company continued to support the State Blood Donor Centre last year by raising public awareness of the need and opportunities for blood donation. It was the third year when the Company cooperated with the State Blood Donor Centre, inviting people to donate blood to save the lives and health of their fellow human beings. Support activities continued throughout the year, with this message being particularly strong in June and July, when the support campaign took place. During these periods, donor activity increased in particular, with blood donors helping tens of thousands of people in critical need of blood transfusions.

## Management Report

---

### Support to Ukraine

Following the military invasion of Ukraine by the Russian Federation, the Company joined the aid effort.

To help Ukraine and its citizens, the Company joined the Entrepreneurs for Peace movement and donated EUR 65 000 to support Ukraine. In order to support Ukrainian citizens AS "VIRŠI-A", in cooperation with the national authorities, reacted quickly and was ready to welcome Ukrainian citizens into its team and provide jobs.

In view of the war launched by Russia on the territory of Ukraine, the Company decided that any cooperation with Russian and Belarusian companies was unacceptable and therefore it discontinued purchasing Russian and Belarusian products to be sold at convenience stores. In addition, business segment services in Russia and Belarus were promptly discontinued at the beginning of 2022.

### Management of financial risks

The Company is exposed to financial risks including credit risk, oil price risk, interest rate and currency risk. In order to control significant risks and mitigate the adverse impacts of the financial market, the Company's management observes internal procedures.

Credit risk is controlled by the Company through constant assessment of client credit history based on credit policies in place. Receivables are registered by an individual assessment of the customer's credit history and financial indicators within appropriate credit limits and due days set. Trade receivables are carried at recoverable amount. The Company's partners in cash transactions are local and foreign financial institutions with appropriate credit history.

The Company is exposed to the oil price risk, both as it purchases and sells fuel products as the price of fuel products is closely linked to market fluctuations in oil prices. The risk is mitigated as the Company's prices are predominantly set on the basis of the actual fuel purchase price.

The Company observes a prudent policy for managing liquidity risk and secures access to appropriate amounts of cash and cash equivalents or credit resources under bank credit lines to be able to meet its liabilities as they fall due.

For the purposes of currency risk management, the Company's management monitors the currency structure of assets and liabilities. Due to the current structure of the financial assets and liabilities denominated in foreign currencies, the currency risk is not material.

### Subsequent events

On 24 February 2022, the Russian Federation launched a military attack against Ukraine, which led to the outbreak of war on Ukrainian territory. The world is broadly supporting Ukraine through financial and economic sanctions against the Russian Federation. Management has assessed existing customers, suppliers and business processes - the Company's performance is currently stable, although there is uncertainty at the date of these financial statements about future actions by the neighbouring country and the extent and impact of future sanctions. In light of the situation in Ukraine having arisen and the sanctions against Russia and Belarus imposed by the USA and the European Union - AS VIRŠI-A has suspended cooperation with Russian and Belarusian partners. Also AS VIRŠI-A informs that fuel partners - refineries in Lithuania and Finland - continue to diversify their crude oil sources to reduce their dependence on Russia. The supply of fuel to AS VIRŠI-A proceeds as scheduled and without interruption in accordance with the effective supply agreement. According to management's initial estimates the impact on gross profit is not significant and therefore the health of the company's business model is immaterially affected by the current situation.

Riga, 11 April 2023

---

Jānis Vība  
Chairman of the Board

---

Linda Prūse  
Member of the Board

---

Vita Čirjevskā  
Member of the Board

THIS DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP.

## Profit and Loss Statement

	Note	2022 EUR	2021 EUR
Net sales	2	350 826 870	220 656 051
Cosf of goods sold	3	(317 767 937)	(194 756 379)
<b>Gross profit</b>		<b>33 058 933</b>	<b>25 899 672</b>
Selling expenses	4	(24 342 387)	(18 282 971)
Administrative expenses	5	(2 261 858)	(2 002 681)
Other operating income	6	146 983	132 815
Other operating expenses	7	(843 356)	(276 077)
Interest and similar revenue			
a) from related parties		118 149	-
b) from other parties		67 648	90 176
Interest and similar expenses			
b) to other parties		(223 587)	(131 857)
<b>Profit before corporate income tax</b>		<b>5 720 525</b>	<b>5 429 077</b>
Corporate income tax for the reporting year		(271 718)	(18 907)
<b>Profit after corporate income tax</b>		<b>5 448 808</b>	<b>5 410 170</b>
<b>Profit of the reporting year</b>		<b>5 448 808</b>	<b>5 410 170</b>

The accompanying notes on pages 12 to 30 are an integral part of these financial statements.

Riga, 11 April 2023

\_\_\_\_\_  
Jānis Vība  
Chairman of the Board

\_\_\_\_\_  
Linda Prūse  
Member of the Board

\_\_\_\_\_  
Vita Čirjevskā  
Member of the Board

\_\_\_\_\_  
Jeļena Laurinaviča  
Chief Accountant

THIS DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP.

## Balance Sheet as at 31 December 2022

<b>ASSETS</b>		Note	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>NON-CURRENT ASSETS</b>			<b>EUR</b>	<b>EUR</b>
<b>Intangible assets</b>		8		
	Concessions, patents, licenses, trademarks and similar rights		108 739	74 053
	Other intangible assets		110 357	80 307
	TOTAL		<b>219 096</b>	<b>154 360</b>
<b>Property and equipment</b>		9		
	Real estate:			
	a) Land, buildings and engineering structures		38 862 124	31 035 370
	Leasehold improvements		1 131 008	1 104 192
	Equipment and machinery		5 775 670	4 020 441
	Other property and equipment		3 130 288	3 058 995
	Construction in progress		557 153	209 565
	Prepayments for property and equipment		262 742	107 666
	TOTAL		<b>49 718 985</b>	<b>39 536 229</b>
<b>Long-term financial investments</b>				
	Investments in related companies	10	6 447 560	6 447 560
	Investments in associates	11	1 556 399	1 534 824
	Loans to associates	15	1 453 200	278 400
	TOTAL		<b>9 457 159</b>	<b>8 260 784</b>
<b>TOTAL NON-CURRENT ASSETS</b>			<b>59 395 240</b>	<b>47 951 373</b>
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
	Raw materials	12	576 888	4 188 658
	Goods for sale	12	8 486 917	7 186 889
	Prepayments for inventories		246 612	423 930
	TOTAL		<b>9 310 417</b>	<b>11 799 477</b>
<b>Receivables</b>				
	Trade receivables	13	16 541 780	12 488 802
	Due from related parties		195 223	118 239
	Other receivables	14	242 632	285 155
	Loans to related companies	15	4 153 534	3 883 534
	Prepaid expenses		117 085	98 688
	Accrued income		57 250	98 344
	TOTAL		<b>21 307 504</b>	<b>16 972 762</b>
<b>Cash</b>		16	10 600 736	5 797 392
<b>TOTAL CURRENT ASSETS</b>			<b>41 218 657</b>	<b>34 569 631</b>
<b>TOTAL ASSETS</b>			<b>100 613 897</b>	<b>82 521 004</b>



## Balance Sheet as at 31 December 2022

<b>LIABILITIES</b>			
	Note	31.12.2022 EUR	31.12.2021 EUR
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	17	7 557 211	7 545 605
Share premium	17	6 358 527	6 358 527
Long-term investment revaluation reserve	18	20 194 915	16 342 102
Reserves:			
f) Other reserves		25 731	25 731
Retained earnings brought forward from previous years		16 425 771	12 085 729
Profit of the reporting year		5 448 808	5 410 170
		<b>56 010 963</b>	<b>47 767 864</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	19	10 497 649	5 535 431
Other loans	20	4 832 608	5 532 616
Deferred income		496 528	-
	TOTAL	<b>15 826 785</b>	<b>11 068 047</b>
<b>Current liabilities</b>			
Loans from credit institutions	19	2 167 674	1 334 024
Other loans	20	700 000	700 000
Customer advances		643 226	315 538
Accounts payable to suppliers and contractors		17 472 496	15 625 613
Due to related companies		268 456	238 406
Taxes and compulsory state social security contributions	23	4 839 833	3 349 491
Other liabilities	21	643 367	496 530
Deferred income		132 895	7 651
Accrued liabilities	22	1 908 202	1 617 840
	TOTAL	<b>28 776 149</b>	<b>23 685 093</b>
		<b>44 602 934</b>	<b>34 753 140</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>100 613 897</b>	<b>82 521 004</b>

The accompanying notes on pages 12 to 30 are an integral part of these financial statements.

Riga, 11 April 2023

\_\_\_\_\_  
Jānis Vība  
Chairman of the Board

\_\_\_\_\_  
Linda Prūse  
Member of the Board

\_\_\_\_\_  
Vīta Čirjevskā  
Member of the Board

\_\_\_\_\_  
Jeļena Laurinaviča  
Chief Accountant

THIS DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP.

## Statement of Cash Flow

	Note	2022 EUR	2021 EUR
<b>Cash flows from operating activities</b>			
Profit before tax		5 720 525	5 429 077
Adjustments for:			
impairment of property and equipment	9	2 800 392	2 457 085
impairment of intangible assets	8	107 147	91 101
interest and similar revenue		(185 797)	(90 176)
interest and similar expenses		223 587	131 857
<b>Profit before adjustment for the impact of changes to current assets and current liabilities</b>		<b>8 665 854</b>	<b>8 018 944</b>
(increase)/decrease of receivables		(4 063 596)	(3 781 520)
(Increase) or decrease in inventories		2 489 060	(6 357 072)
increase/(decrease) of accounts payable to suppliers, contractors and other creditors		4 772 842	7 414 489
<b>Gross cash flows from operating activities</b>		<b>11 864 160</b>	<b>5 294 841</b>
Interest paid		(223 587)	(131 857)
Corporate income tax refunded/(paid)		(291 771)	15 692
<b>Net cash flows from operating activities</b>		<b>11 348 802</b>	<b>5 178 676</b>
<b>Cash flows from investing activities</b>			
Acquisition of shares in related companies, associated or other companies	10,11	(21 575)	(1 884 824)
Purchase of property, equipment and intangible assets	8,9	(9 214 537)	(7 500 689)
Income from disposal of tangible and intangible assets		141 424	50 576
Loans issued		(2 920 000)	(5 913 272)
Loans repaid		1 475 200	4 283 563
Interest received		185 797	90 176
<b>Net cash flows generated from investing activities</b>		<b>(10 353 691)</b>	<b>(10 874 470)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares and bonds or equity investments		-	7 226 272
Loans received		7 000 000	3 000 000
Repayment of loans		(1 942 020)	(1 870 949)
Purchase of property and equipment under lease		(191 225)	(371 031)
Dividends paid		(1 058 522)	-
<b>Net cash flows from financing activities</b>		<b>3 808 233</b>	<b>7 984 292</b>
<b>Net cash flows for the reporting year</b>		<b>4 803 344</b>	<b>2 288 498</b>
Cash and cash equivalents at the beginning of the year		5 797 392	3 508 894
<b>Cash and cash equivalents at the end of the year</b>	15	<b>10 600 736</b>	<b>5 797 392</b>

The accompanying notes on pages 12 to 30 are an integral part of these financial statements.

Riga, 11 April 2023

\_\_\_\_\_  
Jānis Vība  
Chairman of the Board

\_\_\_\_\_  
Linda Prūse  
Member of the Board

\_\_\_\_\_  
Vita Čirjevskā  
Member of the Board

\_\_\_\_\_  
Jeļena Laurinaviča  
Chief Accountant

THIS DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP.

## Statement of Changes in the Shareholder's Equity

	Note	Share capital	Share premium	Long-term investment revaluation reserve	Reserves	Retained earnings	Total
<b>31 December 2020</b>		<b>6 677 860</b>	<b>-</b>	<b>17 357 826</b>	<b>25 731</b>	<b>12 085 729</b>	<b>36 147 146</b>
Investment in share capital		867 745	6 358 527	-	-	-	7 226 272
Increase/(decrease) in the long-term investment revaluation reserve	18	-		(1 015 724)	-	-	(1 015 724)
Distributed dividends		-		-	-	-	-
Profit of the reporting year		-		-	-	5 410 170	5 410 170
<b>31 December 2021</b>		<b>7 545 605</b>	<b>6 358 527</b>	<b>16 342 102</b>	<b>25 731</b>	<b>17 495 899</b>	<b>47 767 864</b>
Investment in share capital	17	11 606	-	-	-	(11 606)	-
Increase/(decrease) in the long-term investment revaluation reserve	18	-		3 852 813	-	-	3 852 813
Distributed dividends	17	-		-	-	(1 058 522)	(1 058 522)
Profit of the reporting year		-		-	-	5 448 808	5 448 808
<b>31 December 2022</b>		<b>7 557 211</b>	<b>6 358 527</b>	<b>20 194 915</b>	<b>25 731</b>	<b>21 874 579</b>	<b>56 010 963</b>

The accompanying notes on pages 12 to 30 are an integral part of these financial statements.

Riga, 11 April 2023

\_\_\_\_\_  
Jānis Vība  
Chairman of the Board

\_\_\_\_\_  
Linda Prūse  
Member of the Board

\_\_\_\_\_  
Vita Čirjevskā  
Member of the Board

\_\_\_\_\_  
Jeļena Laurinaviča  
Chief Accountant

THIS DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP.

## Notes to the financial statements

---

### 1. Information on the Company's activities and summary of significant accounting principles

#### General information on the Company

AS Virši-A (hereinafter "the Company") was registered with the Enterprise Register of Latvia on 6 January 1995. The legal address is Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads. The Company's shareholders are natural persons, residents of Latvia.

The Company is engaged primarily in retail and whole sales of oil products, and retail sales of goods.

The Company's financial statements for 2022 were approved by the decision made by the Board of the Company on 11 April 2023.

#### Summary of accounting principles used

##### **Basis of preparation**

The financial statements were prepared in accordance with the 'Accounting Law' and the 'Annual Reports and Consolidated Annual Report Law'.

The financial statements were prepared on a going concern basis. The currency unit used in the financial statements is Euro (EUR). The financial statements cover the period from 1 January 2022 to 31 December 2022.

The profit and loss statement was prepared according to the cost function.

The cash flow statement was prepared using the indirect method.

Consistent valuation principles were used with those used in the previous year.

Items were valued in accordance with the principle of prudence:

- the financial statements reflect only the profit generated to the balance sheet date;
- all incurred liabilities and current or prior year losses have been taken into consideration even if discovered within the period after the date of the balance sheet and preparation of the financial statements;
- all amounts of impairment and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit.
- the financial statements were prepared on the historical cost basis, except for the following items: buildings are revalued on a periodic basis, investments in the subsidiary in 2020 were made based on the value of the shares contributed, investments are disclosed at fair value.

Income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. expenses were matched with revenue for the reporting period.

Assets and liabilities were valued separately.

The opening balance agrees with the prior year closing balance.

All material items, which would influence the decision-making process of users of the financial statements, have been recognised and insignificant items have been combined and their details disclosed in the notes.

Business transactions are recorded taking into account their economic contents and substance, rather than the legal form.

## Notes to the financial statements

---

### Summary of accounting principles used (continued)

#### **Related parties**

Related parties represent both legal entities and private individuals related to the company in accordance with the following rules.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has a significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - iii. Both entities are joint ventures of the same third party;
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity or any member of the group to which the entity belongs provides management personnel services to the entity or the parent of company of the entity.

Related party transaction – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

#### **Financial instruments and financial risks**

A financial instrument is an agreement that simultaneously results in financial assets of one party and financial liabilities or equity securities of the other party.

The key financial instruments held by the Company are financial assets such as trade receivables, other receivables, loans and financial liabilities such as loans, lease liabilities, accounts payable to suppliers and contractors and other creditors arising directly from its business activities.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequently, they are measured at amortized cost using the effective interest rate. Profit and loss is recognised in the profit or loss statement upon derecognition or impairment of , these assets as well as during the amortisation process.

#### **Use of derivatives**

Derivatives are not used.

The Company uses derivatives such as commodity and currency futures and other derivatives which are initially disclosed at cost and at fair value. Fair value is determined with reference to market prices. All derivatives are recognized as assets if their fair value is positive and liabilities if their fair value is negative.

#### **Fair value of financial assets and liabilities**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial assets and financial liabilities are carried at cost which according to management approximates their fair value at acquisition plus any related additional expenses.

## Notes to the financial statements

---

### Summary of accounting principles used (continued)

#### **Use of estimates**

In the preparation of these financial statements, management has relied on certain estimates and assumptions that impact certain items of the balance sheet and the profit and loss statement, as well as the amount of potential liabilities. Future events may impact the assumptions used as the basis for estimates. Any impact from changes in the estimates is reflected in the financial statements as determined. Significant estimates in the financial statements are connected with revaluation to fair value of the PPE item 'Land, buildings and engineering structures'.

#### **Financial risks connected with the Company's financial instruments, financial risk management**

Credit risk is the risk that the Company may incur financial losses if parties to the transactions fail to fulfil their liabilities under the contracts, and credit risk is primarily connected with trade receivables and investment securities;

Interest rate risk – risk that the Company may incur losses due to fluctuations in interest rates;

Liquidity risk- risk that the Company will not be able to meet its financial liabilities as they fall due.

Currency risk – risk that the Company may suffer unexpected losses arising from fluctuations in the foreign exchange rates;

Management has implemented the following procedures to control key (or significant) risks.

#### **Credit risk**

For the purposes of credit risk management, the Company's management has established a procedure that sales of goods or services against payments on delivery or completion are made based on client evaluation procedures and certain limits are set on the amount of such sales. Management has developed a credit policy which includes regular control procedures over debtors to ensure identification of problems on a timely basis.

#### **Interest rate risk**

In order to manage the interest rate risk, the Company's management primarily signs loan agreement with fixed interest rates.

#### **Liquidity risk**

Liquidity risk is managed by the Company in line with the principle of prudence ensuring that appropriate credit resources are available in the form of a credit line facility to cover liabilities as they fall due.

#### **Currency risk and revaluation**

The functional and reporting currency of the Company is Euro (EUR), the national currency of the European Union. All transactions in foreign currencies are revalued to Euro in accordance with the reference exchange rate published by the European Central Bank on the transaction date. All monetary assets and liabilities denominated in foreign currencies are translated to Euro in accordance with the reference exchange rate published by the European Central Bank on the last day of the reporting year. Differences arising on payments in currencies or disclosures of assets and liabilities using exchange rates other than those used for initial booking of transactions are recognized in the profit and loss statement at net amount.

#### **Investments**

##### **Investments in the subsidiary**

Investments in subsidiary are initially recognized at cost. If the value of such investments at the balance sheet date is lower than the acquisition cost or valuation in the previous year's balance sheet, and such decrease is expected to be permanent, investments are recognized at the lower value. In 2020, the shareholders made an equity contribution to the Company. The equity of invested subsidiaries is carried at fair value according to the value of shares. The amount of the investment is subsequently treated as initial cost.

#### **Intangible assets**

Intangible assets are carried at cost amortized over the useful life of the asset on a straight line basis. Should any events or changes in circumstances indicate that the book value of intangible assets is no longer recoverable the respective intangible assets are reviewed for impairment. An impairment loss is recognized when the book value of an intangible asset exceeds its recoverable amount.

## Notes to the financial statements

---

### Summary of accounting principles used (continued)

#### Property and equipment

##### (i) Useful lives

Property and equipment is carried at historical cost except for land and buildings that are recognized at revalued value, less accumulated depreciation and impairment. No depreciation is calculated for land. Depreciation is calculated on a straight line basis over the useful life of the asset:

---

Buildings and engineering structures	- 20 - 40 years
Equipment and machinery	- 5 - 20 years
Other property and equipment	- 2 - 7 years

---

Depreciation is calculated from the month following the month of putting the asset into use or involvement of it in operating activities. Depreciation should be calculated separately for each component of property and equipment the cost of which is material in comparison with the total cost of the respective asset. If certain components of an item of property and equipment are depreciated on an individual basis, other components of that same asset item are also depreciated on an individual basis. The remainder represents components that are not material individually. Depreciation of the remaining components is calculated using approximation methods to make proper disclosures of the useful life.

The change of the depreciation method is considered a change of an accounting estimate which a medium and large company is required to disclose in the notes to the financial statements.

Should any events or changes in circumstances indicate that the book value of property and equipment is no longer recoverable the respective assets are reviewed for impairment. In the presence of non-recoverability indications and when the carrying amount of an asset exceeds its recoverable amount, the asset or its cash-generating unit is written down to its recoverable amount. The recoverable amount of property and equipment is the greater of net sales value and value in use. The value in use is estimated by discounting estimated future cash flows at present value using a pre-tax discount rate which reflects the present market forecasts with respect to the changes in the value of the asset and risks associated with it. The recoverable amounts of assets that do not generate independent cash flows are determined for the cash generating unit to which the asset belongs. Impairment loss is recognised in the profit and loss statement as cost of goods sold.

Items of property and equipment are derecognized in case of disposal or when future benefits are no longer expected from the use of the respective asset. Any profit or loss arising on derecognition of an item of property and equipment (calculated as the difference between net income from disposal and book value) is recognized in the profit and loss statement of the period of de-recognition.

The cost of leasehold improvements is capitalized and reflected under property and equipment. Depreciation of these assets is calculated over the entire period of lease on a straight line basis.

Construction in progress reflects the costs of building items of property and equipment and work in progress and is disclosed at cost. The cost includes the cost of construction and other direct expenses. Construction in progress is not subject to depreciation until the respective assets are completed and put into operation.

##### (ii) Fair value of property and equipment

Land, buildings and constructions are measured by the Company using the revaluation model. In case the carrying amount of items of property and equipment at the reporting date is lower than the valuation in the balance sheet, and such impairment is expected to be permanent, assets are recognized at the lower value. The revaluation result is recognized in the profit and loss statement except if a previously recognized increase in the value of assets is set off against an impairment loss. In that event, the long term investment revaluation reserve is decreased by the amount of impairment.

In case the value of assets at the balance sheet date is higher than the valuation on the balance sheet, the assets are revalued to the higher value if the increase in value may be assumed to be other than temporary. The increase of value resulting from revaluation is recognized under "Long term investment revaluation reserve". If an increase in the value resulting from revaluation compensates for the impairment of the same asset which was previously recognized as an expense in the profit and loss statement, then the increase resulting from revaluation is recognized as income in the profit and loss statement as incurred. The long term investment revaluation reserve is decreased when the revalued asset is disposed, is no longer utilized, or the increase of value is no longer reasonable.

The increase included in the long term investment revaluation reserve under equity is decreased by recognising this decrease in the profit and loss statement accordingly:

## Notes to the financial statements

---

### Summary of accounting principles used (continued)

gradually over the entire lifetime of the revalued asset, each reporting period writing down from reserves an amount equal to the difference between the depreciation, calculated based on the revalued value of the asset, and depreciation calculated based on the cost of the asset.

As at 30 September 2022, certain categories of property and equipment were revalued to fair value. The revaluation was performed for Land, buildings and engineering structures (see Note 9).

### Inventories

Inventories are stated at the lower of cost or net realizable value.

Expenses incurred to deliver inventories to their current location and condition are recognized in the following way:

- raw materials are recognized at purchase cost in line with the FIFO method;
- finished goods and work in progress are carried at direct cost of materials and labour plus production overheads based on the nominal production capacity of equipment net of borrowing costs.

Net realizable value represents the estimated sales price in the ordinary course of business less estimated cost to complete and sell the goods. Net realizable value is reflected as cost less allowances.

### Trade and other receivables

Trade receivables are booked and disclosed on the balance sheet based upon initial invoices less allowances for doubtful debts. A doubtful debt allowance is estimated when the recovery of the full amount is no longer reasonable. Doubtful debt allowances are recognized based on an individual management assessment of the recoverability of each receivable. Receivables are written off when recovery is deemed impossible.

### Cash and cash equivalents

Cash and cash equivalents represent cash in bank accounts and on hand, cash in transit and short-term deposits with initial maturity of up to 3 months.

### Loans and borrowings

Loans and borrowings are initially disclosed at cost which is calculated as the fair value of loans and borrowings plus or minus costs connected with issuing or receiving the loan.

Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest rate method. Amortized cost is calculated taking into account loan origination costs or borrowing costs and all discounts and premiums related to loans or borrowings.

Gains and losses resulting from amortization are recognised in the profit and loss statement as interest income/ expense.

### Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required from the Company to settle the obligation, and the amount of obligation can be measured reasonably. If the Company foresees that the expenses required for recognizing an allowance will be partly or fully repaid, for example, within an insurance contract, the recovery of such expenses is recognized as a separate asset only when it is certain that such expenses will be recovered. Expenses connected with any allowances are recognized in the profit and loss statement less recovered amounts.

### Contingent liabilities and assets

Contingent liabilities are not recognised in these financial statements. Contingent liabilities are recognized as liabilities only when there is reasonable likelihood that an outflow of funds will be required. Contingent assets are recognized in these financial statements to the extent that there is reasonable likelihood that the Company will receive an inflow of economic benefits related to the transaction.

### Lease

Finance lease transactions under which the Company assumes substantially all the risks and rewards of ownership of the lease object are recognized in the balance sheet as fixed assets at an amount that represents the fair value of the leased object at inception or at the present value of the minimum lease payments if the fair value is lower. Finance lease payments are allocated between finance costs and reduction of liabilities in order to ensure consistent interest rate on the balance of liabilities in each period. Finance costs are disclosed in the profit and loss statement as interest expenses.



## Notes to the financial statements

---

### Summary of accounting principles used (continued)

When there is reason to believe that at the end of the lease term the object will become the property of the lessee the useful life of the asset is set as the expected period of use. In all other cases depreciation of capitalized leased assets is calculated on a straight line basis over the short of the estimated period of use or period of lease.

Asset leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating lease contract are recognized as expenses on a straight-line basis over the lease term. The Company's liabilities arising from operating lease transactions are disclosed as contingent liabilities.

### Revenue recognition

Revenue is recognized based on the likelihood of gaining economic benefit and to the extent it is reasonably measurable, less value added tax and discounts on sales. Revenue is recognized also based on the following conditions:

#### *Sales of goods*

Revenue is recognized when the Company has transferred the significant risks and rewards of ownership of the goods to the client.

#### *Provision of services*

The Company mostly provides fuel transport services to its customers. Revenue from services is recognized in the period when services are provided.

### Long-term and short-term classification

Amounts whose terms of receipt, payment or write off are due more than one year after the balance sheet date are classified as long term. Amounts to be received, paid or written off within 12 months are classified as short-term.

### Corporate income tax

Effective from 2018, corporate income tax is not calculated on profit for the reporting year but upon distribution of dividends or conditional distribution of profit. The tax rate is 20% of gross distributions or 20/80 of net amounts distributed. Under the Corporate Income Tax Law there are transitional provisions, including:

- profit generated to 31 December 2018 will not be subject to additional tax of 20% upon distribution (with some limitations);
- accumulated tax losses will be usable during the course of five years and to the extent of not more than 50% of the tax calculated upon dividend distribution in the year.

### Subsequent events

The financial statements reflect events that occurred subsequent to the year-end and that provide additional information on the Company's financial position at the balance sheet date (adjusting events). If subsequent events do not have an adjusting nature, they are disclosed in the notes to the financial statements only if they are significant.

Subsequent events are described in Note 29.

## Notes to the financial statements

### 2. Net sales

<i>By type of operating activity</i>	2022	2021
Sale of oil products	309 075 927	185 194 011
Sale of other goods	39 266 075	33 153 816
Other income	2 484 868	2 308 224
<b>TOTAL:</b>	<b>350 826 870</b>	<b>220 656 051</b>

<i>By geographic market</i>	2022	2021
Latvia	349 694 777	219 560 922
Other	1 132 093	1 095 129
<b>TOTAL:</b>	<b>350 826 870</b>	<b>220 656 051</b>

### 3. Cosf of goods sold

	2022	2021
Cost of oil products and goods	315 843 560	193 169 942
Depreciation and amortization	105 986	95 671
Decrease of the revaluation reserve	(52 713)	(52 713)
Personnel expenses	142 739	124 218
Cost of lease of real estate property and other costs	4 484	4 423
Maintenance and repairs	55 137	39 318
Transport	35 684	71 897
Other expenses	1 633 060	1 303 623
<b>TOTAL:</b>	<b>317 767 937</b>	<b>194 756 379</b>

### 4. Selling expenses

	2022	2021
Personnel expenses	11 116 232	8 558 331
Depreciation and amortization	2 946 607	2 470 979
Decrease of the revaluation reserve	(416 189)	(422 921)
Cost of lease of real estate property and other costs	2 462 376	1 889 974
Maintenance and repairs	3 552 343	2 187 780
Marketing expenses	873 306	634 370
Transport	2 825 665	1 963 786
Other expenses	982 047	1 000 672
<b>TOTAL:</b>	<b>24 342 387</b>	<b>18 282 971</b>

## Notes to the financial statements

### 5. Administrative expenses

	2022	2021
Personnel expenses	1 363 077	1 274 631
Depreciation and amortization	132 087	140 498
Decrease of the revaluation reserve	(516)	(529)
Cost of lease of real estate property and other costs	27 986	31 476
Maintenance and repairs of office	55 487	36 078
Transport	228 579	115 830
Professional services *	370 727	308 803
Other expenses	84 431	95 894
<b>TOTAL:</b>	<b>2 261 858</b>	<b>2 002 681</b>

\* including total remuneration paid to certified auditors:

	2022	2021
SIA KPMG Baltics for audit of financial statements	47 034	56 500
SIA Deloitte Latvia for other expert engagements	-	18 750
Attorney at law Dāvis Volksons for other expert engagements	3 850	-
ZAB Eversheds Sutherland Bitāns, SIA	9 053	-
ZAB JH, SIA	9 125	-
SIA KPMG Baltics for other expert engagements	16 351	8 500
<b>TOTAL:</b>	<b>85 413</b>	<b>83 750</b>

### 6. Other operating income

	2022	2021
Gain on currency exchange fluctuations, net	-	9 361
Gain on sale of property and equipment	59 073	-
<i>Revenue from sales of property and equipment</i>	141 424	-
<i>Non-amortised value of disposed property and equipment</i>	(82 351)	-
Income from an insurance compensation received	49 142	84 794
Recovery of written-off/doubtful receivables	-	21 596
Other operating income	38 768	17 064
<b>TOTAL:</b>	<b>146 983</b>	<b>132 815</b>

## Notes to the financial statements

### 7. Other operating expenses

	2022	2021
Loss from sales of property and equipment, net, incl:	-	6 367
<i>Revenue from sales of property and equipment</i>	-	(50 576)
<i>Non-amortised value of disposed property and equipment</i>	-	56 943
Changes in doubtful debt allowances	97 875	23 808
Write-off of bad debts	55 014	49 194
Staff sustainability measures	142 392	77 214
Loss on currency exchange fluctuations, net	55 736	-
Donations	87 122	21 080
Bank charges	45 390	28 234
Other operating expenses	359 827	70 180
<b>TOTAL:</b>	<b>843 356</b>	<b>276 077</b>

### 8. Intangible assets

	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	TOTAL
<b>Historical cost</b>			
<b>31 December 2021</b>	<b>120 745</b>	<b>453 989</b>	<b>574 734</b>
Additions	66 628	105 255	171 883
Elimination of historical cost	-	(32 294)	(32 294)
<b>31 December 2022</b>	<b>187 373</b>	<b>526 950</b>	<b>714 323</b>
<b>Accumulated amortization</b>			
<b>31 December 2021</b>	<b>46 692</b>	<b>373 682</b>	<b>420 374</b>
Calculated amortization	31 942	62 526	94 468
Amortization of disposed assets	-	(19 615)	(19 615)
<b>31 December 2022</b>	<b>78 634</b>	<b>416 593</b>	<b>495 227</b>
<b>Carrying amount</b>			
<b>31 December 2021</b>	<b>74 053</b>	<b>80 307</b>	<b>154 360</b>
<b>31 December 2022</b>	<b>108 739</b>	<b>110 357</b>	<b>219 096</b>

## Notes to the financial statements

### 9. Property and equipment

	Land, buildings, and engineering structures	Leasehold improvements	Equipment and machinery	Other property and equipment	Construction in progress	Prepayments for property and equipment	TOTAL
<b>Historical cost</b>							
<b>31 December 2021</b>	<b>36 895 145</b>	<b>1 619 202</b>	<b>7 807 135</b>	<b>6 260 025</b>	<b>209 565</b>	<b>107 666</b>	<b>52 898 738</b>
Additions	2 529 739	154 671	1 221 330	915 464	4 295 479	155 076	9 271 759
Revaluation*	4 330 459	-	-	-	-	-	4 330 459
Reclassification	2 182 861	47 264	1 376 941	340 825	(3 947 891)	-	-
Impairment	(251 350)	-	-	-	-	-	(251 350)
Cost of disposed items of property and equipment	(50 397)	-	(181 134)	(225 345)	-	-	(456 875)
<b>31 December 2022</b>	<b>45 636 457</b>	<b>1 821 137</b>	<b>10 224 273</b>	<b>7 290 969</b>	<b>557 153</b>	<b>262 742</b>	<b>65 792 731</b>

### Accumulated depreciation and impairment

<b>31 December 2021</b>	<b>5 859 775</b>	<b>515 010</b>	<b>3 786 694</b>	<b>3 201 030</b>	-	-	<b>13 362 509</b>
Depreciation, depreciation of the revalued part*	950 834	175 119	785 342	1 178 917	-	-	3 090 212
Accumulated depreciation of disposed property and equipment	(36 276)	-	(123 433)	(219 266)	-	-	(378 975)
<b>31 December 2022</b>	<b>6 774 333</b>	<b>690 129</b>	<b>4 448 603</b>	<b>4 160 681</b>	-	-	<b>16 073 746</b>

### Carrying amount

31 December 2021	31 035 370	1 104 192	4 020 441	3 058 995	209 565	107 666	39 536 229
<b>31 December 2022</b>	<b>38 862 124</b>	<b>1 131 008</b>	<b>5 775 670</b>	<b>3 130 288</b>	<b>557 153</b>	<b>262 742</b>	<b>49 718 985</b>

On 31 December 2022, the Company revalued property and equipment under category Land, buildings and engineering structures to fair value. The result of revaluation was recorded in the accounting records of the Company on 31 December 2022. The revaluation was performed by certified real estate appraiser SIA Arco Real Estate. The valuation was based on the income and cost approach. Had the revaluation not been carried out the carrying amount of the category as at 31 December 2022 would have been EUR 18 965 709 (as at 31 December 2021 – EUR 14 693 268). The management believes the fair value at the end 2022 was not materially different from the carrying amount.

Type	Fair value, EUR (2022)	Valuation approach	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurement
Filling stations with equipment	32 058 000	Discounted cash flows	<ul style="list-style-type: none"> <li>- Discount rate ranging from 11% to 15.5%</li> <li>- Capitalisation rate ranging from 10% to 14.0%</li> <li>- Gross revenue assumption in year one for fuel sales from EUR 40 thousand to EUR 326 thousand</li> <li>- Gross revenue assumption in year one for store sales from EUR 54 thousand to EUR 333 thousand</li> <li>- Revenue growth from year 4 or 5 - 0.5% p.a. (except for a new petrol station with 5%-7% p.a. growth)</li> </ul>	Market value may increase (reduce) if: <ul style="list-style-type: none"> <li>- Discount rate reduces (increases);</li> <li>- Initial gross revenue from fuel and store sales increases (reduces);</li> <li>- Maintenance cost of filling stations reduces (increases);</li> <li>- Forecast of changes in revenue increases (reduces).</li> </ul>
Oil storage facility / railway network	1 936 000	Discounted cash flows / capitalisation of lease revenue	<ul style="list-style-type: none"> <li>- Discount rate 17.5%</li> <li>- Capitalisation rate ranging from 7.5% to 15%</li> <li>- Rent of 0.11 EUR/m<sup>2</sup> (land) to 3.0 EUR/t (fuel)</li> <li>- Leased land/ transhipment capacity 49-95% annual utilisation</li> <li>- Revenue growth from year 3 -0.5% 1.0% p.a.</li> </ul>	Market value may increase (reduce) if: <ul style="list-style-type: none"> <li>- Discount / capitalisation rate reduces (increases);</li> <li>- Rent increases (reduces);</li> <li>- Occupancy increases (reduces);</li> <li>- Maintenance cost of real estate properties reduces (increases);</li> <li>- Forecast of changes in revenue increases (reduces).</li> </ul>

## Notes to the financial statements

Type	Fair value, EUR (2022)	Valuation approach	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurement
Commercial buildings	59 000	Discounted cash flows	<ul style="list-style-type: none"> <li>- Discount rate 12.0%, capitalization rate 10.0 – 10.5%</li> <li>- Rent 1.00 - 3.00 EUR/m<sup>2</sup></li> <li>- Occupancy rate 65 - 90% p.a.</li> <li>- Revenue growth from year 3 0.5% - 1.0% p.a.</li> </ul>	Market value may increase (reduce) if: <ul style="list-style-type: none"> <li>- Discount rate reduces (increases);</li> <li>- Rent increases (reduces);</li> <li>- Occupancy increases (reduces);</li> <li>- Maintenance cost of real estate properties reduces (increases);</li> <li>- Forecast of changes in revenue increases (reduces).</li> </ul>

### Cadastre value of real estate

	31.12.2022	31.12.2021
Buildings and structures	1 185 885	1 019 757
Land	1 432 364	1 262 573
<b>TOTAL:</b>	<b>2 618 249</b>	<b>2 282 330</b>

### Fully depreciated items of property and equipment

A number of fully depreciated tangible assets are still being used for the Company's primary activities. The total cost of such assets at the reporting date is EUR 3 009 918 (2021: EUR 2 494 801).

### Carrying amount of assets purchased under finance lease

The carrying amount of assets purchased under finance lease is the following:

	31.12.2022	31.12.2021
Equipment and machinery	229 105	190 456
<b>TOTAL:</b>	<b>229 105</b>	<b>190 456</b>

In 2022, tangible assets purchased under finance lease amounted to EUR 229 105 (2021: EUR 190 456). Please see also Note 25.

### Depreciation

The total depreciation charge is shown in the following items of the profit and loss statement:

	2022	2021
Cost of goods sold	105 986	95 671
Selling expenses	2 946 607	2 470 979
Administrative expenses	132 087	140 498
<b>TOTAL:</b>	<b>3 184 680</b>	<b>2 707 148</b>

### Pledges and other collaterals

In accordance with the loan agreements signed with Latvian commercial banks and the related mortgage and pledge agreements, the Company has pledged certain of its real estate properties as security for its obligations (Note 19).

## Notes to the financial statements

### 10. Investments in related companies

	31.12.2022	31.12.2021
Carrying amount as at 1 January	6 447 560	5 770 100
Investment	-	677 460
Purchases	-	-
<b>As at 31 December:</b>	<b>6 447 560</b>	<b>6 447 560</b>

Name of the Company	Number of shares held as at		Carrying amount of investment as		Equity of the related party as at 31.12.2022	Profit of the related party at the reporting date
	31.12.2022	Historical cost	at 31.12.2022	at 31.12.2022		
	%	EUR	EUR	EUR	EUR	
SIA Virši Renergy	100	352 800	352 800	1 658 205	1 308 481	
SIA Viršu nekustamie īpašumi	100	5 522 300	5 522 300	9 935 033	1 090 885	
SIA Virši loģistika	100	572 460	572 460	756 266	131 731	
		<b>6 447 560</b>	<b>6 447 560</b>	<b>12 349 504</b>	<b>2 531 097</b>	

During 2020, the Company acquired subsidiary SIA "Viršu nekustamie īpašumi" and SIA "Virši loģistika" by way of reorganisation, with the capital contribution of EUR 5 767 300. In January 2021, the Company contributed to the share capital of SIA "Virši loģistika" the entire logistics business, including tangible assets, employees, other assets and liabilities related to the logistics business in the amount of EUR 327 460. In 2021, an additional contribution of EUR 350 000 was made into the share capital of SIA "Virši Renergy".

Dividends from subsidiaries were not received during the reporting year.

### 11. Investments in associates

	31.12.2022	31.12.2021
Carrying amount as at 1 January	1 534 824	-
Purchases	21 575	1 534 824
<b>As at 31 December:</b>	<b>1 556 399</b>	<b>1 534 824</b>

Name of the Company	Number of shares held as at		Carrying amount of investment as		Equity of the associate as at 31.12.2022	Profit of the associate at the reporting date
	31.12.2022	Historical cost	at 31.12.2022	at 31.12.2022		
	%	EUR	EUR	EUR	EUR	
AS Skulte LNG Terminal	19.23	21 575	21 575	16 980	(10 679)	
SIA GasOn	30	1 534 824	1 534 824	1 281 452	9 911	
		<b>1 556 399</b>	<b>1 556 399</b>	<b>1 298 432</b>	<b>768</b>	

At the end of 2021, AS Virši-A invested EUR 1.5 million in SIA GasOn seeking to promote the use of CNG in Latvia and mobile supplies of natural gas.

## Notes to the financial statements

### 12. Inventories

	31.12.2022	31.12.2021
Auxiliary materials	526 556	449 187
Fuel	6 123 329	8 993 977
Other goods	2 413 920	1 932 383
<b>TOTAL:</b>	<b>9 063 805</b>	<b>11 375 547</b>

### 13. Trade receivables

	31.12.2022	31.12.2021
Trade receivables	17 097 260	12 946 407
Doubtful debt allowance	(555 480)	(457 605)
<b>TOTAL:</b>	<b>16 541 780</b>	<b>12 488 802</b>

### 14. Other receivables

	31.12.2022	31.12.2021
Overpaid taxes*	1 959	150
Security deposit	109 030	230 464
Other receivables	131 643	54 541
<b>TOTAL:</b>	<b>242 632</b>	<b>285 155</b>

\* Overpaid taxes (Note 23)

### 15. Loans

#### 15.a Loans to associates

Outstanding as at 1 January	278 400	-
Carrying amount as at 1 January	278 400	-
Loans issued	1 700 000	278 400
Loans repaid	(525 200)	-
Outstanding as at 31 December	1 453 200	278 400
As at 31 December	<b>1 453 200</b>	<b>278 400</b>

In 2022, a loan of EUR 278 400 issued by SIA "Virši nekustamie īpašumi" to associate SIA "Gulf Petrol RE" was taken over. The maturity date is 31.12.2031 and the annual interest rate is 2.2%. The balance of the loan as at 31 December 2022 is EUR 253 200.

In 2021, an agreement was signed about a convertible loan of EUR 1 200 000 to associate SIA Gason. The maturity date is 31.12.2024 and the annual interest rate is 2.2%. The balance of the loan as at 31 December 2022 is EUR 1 000 000. In 2022, a loan agreement was signed about EUR 500 000 with the annual interest rate of 2.5%+3m Euribor. The balance of the loan as at 31 December 2022 is EUR 0.00.



## Notes to the financial statements

### 15.b Loans to related companies

Outstanding as at 1 January	3 883 534	2 532 225
Carrying amount as at 1 January	3 883 534	2 532 225
Loans issued	1 720 000	5 634 872
Loans repaid	(1 450 000)	(4 283 563)
Outstanding as at 31 December	4 153 534	3 883 534
As at 31 December	<b>4 153 534</b>	<b>3 883 534</b>

In 2020, an agreement was signed about a loan of EUR 10 000 to subsidiary SIA "Virši Renergy". The maturity date is 31.12.2022 and the annual interest rate is 2%. The balance of the loan as at 31 December 2022 is EUR 0.00 (31.12.2021: EUR 10 000). The loan agreement does not provide for a collateral. In 2022, a loan agreement was signed about EUR 500 000 with the annual interest rate of 2%. The balance of the loan as at 31 December 2022 is EUR 0.00.

In 2021, an agreement was signed about a loan of EUR 8 500 to subsidiary SIA "Viršu nekustamie īpašumi". The maturity date is 31.12.2023 and the annual interest rate is 2%. The balance of the loan as at 31 December 2022 is EUR 4 048 661 (31.12.2021. EUR 3 738 662). The loan agreement does not provide for a collateral.

In 2021, an agreement was signed about a loan of EUR 204 872 to subsidiary SIA "Virši Logistics". The maturity date is 31.12.2023 and the annual interest rate is 2%. The balance of the loan as at 31 December 2022 is EUR 104 872 (31.12.2021. EUR 134 872). The loan agreement does not provide for a collateral.

### 16. Cash and cash equivalents

	31.12.2022	31.12.2021
Cash in bank and on hand	8 659 769	5 149 110
Money in transit	1 940 967	648 282
<b>TOTAL:</b>	<b>10 600 736</b>	<b>5 797 392</b>

### 17. Share capital

Share capital in 2022 is EUR 7 557 211 (2020: EUR 7 545 605), comprised of 15 114 421 shares (2021: 15 091 209). Nominal value per share is EUR 0.50 (2020: EUR 0.50). All shares are fully paid up. In 2022, the Company continued its employee share option programme by making the first conversion of options, increasing the share capital and issuing additional 23 212 shares for a total nominal value of EUR 11 606.

During 2020 and 2021, reorganisation was carried out in AS Virši-A and its group companies. In 2020, the Company received a capital contribution in the way of shares of two related parties SIA Viršu nekustamie īpašumi and SIA Virši loģistika. The shareholders invested 100% shares of the subsidiaries at fair value (refer to Note 10). The investment was valued by external valuers and their valuation laid the basis for recognising the cost of acquisition.

In the reporting year, dividends were distributed out of retained earnings brought forward from previous periods of EUR 1 323 153; EUR 1 058 522 or EUR 0.07014166 per share was paid to the shareholders in dividends, and corporate income tax of EUR 264 631 was paid.

#### Denomination, issue and IPO of shares

In 2021, prior to the the Initial Public Offering (IPO) the Company denominated shares by changing their nominal value from EUR 140 to EUR 0.50 per share. As a result of this exercise, the number of shares increased to 13 355 720, with the total equity remaining unchanged. After assessing the Company's development outlook and historical performance the shareholders decided to launch an IPO, which resulted in the issue of 1 735 489 shares. The IPO helped the Company attract new capital of EUR 7 792 346. The share premium is EUR 3.99. The capital raising costs of EUR 566 074 were deducted from the funds raised, resulting in a total impact of EUR 7 226 272 from the capital increase in the IPO.

## Notes to the financial statements

### 18. Long-term investment revaluation reserve

The long-term investment revaluation reserve includes revaluation amounts of tangible assets (see Note 9).

	Balance		Change	
	31.12.2022	31.12.2021	2022	2021
<b>Long-term investment revaluation reserve</b>	<b>20 194 915</b>	<b>16 342 102</b>	<b>3 852 813</b>	<b>(1 015 724)</b>
			2022	2021
Increase/(decrease) of the revaluation reserve as a result of revaluation			4 330 459	(539 561)
Decrease (amortisation) of the revaluation reserve			(469 418)	(476 163)
Revaluation reserve of disposed tangible assets			(8 228)	-
		<b>TOTAL:</b>	<b>3 852 813</b>	<b>(1 015 724)</b>

### 19. Loans from credit institutions

<b>Long term:</b>	31.12.2022	31.12.2021
Loans from Latvian commercial banks	10 347 424	5 473 629
Finance lease liabilities	150 225	61 802
<b>TOTAL long-term loans from credit institutions:</b>	<b>10 497 649</b>	<b>5 535 431</b>

<b>Short term:</b>	31.12.2022	31.12.2021
Loans from Latvian commercial banks	2 075 346	1 191 153
Finance lease liabilities	92 328	142 871
<b>TOTAL short-term loans from credit institutions:</b>	<b>2 167 674</b>	<b>1 334 024</b>

**TOTAL loans from credit institutions: 12 665 323 6 869 455**

Credit line facility unused at the reporting date:

	31.12.2022	31.12.2021
Maturing within 12 months	3 000 000	2 000 000
<b>TOTAL:</b>	<b>3 000 000</b>	<b>2 000 000</b>

Loans from credit institutions carry base rates plus a variable rate of 3M EURIBOR or 6M EURIBOR, and the Company pays a commitment fee for the availability of resources under its credit line facility. The interest rates and the commitment fee is at an arm's length.

In 2022, a loan of EUR 7 000 000 was received.

The loan agreements are in force from 20 March 2020 to 18 March 2025; 22 October 2021 to 22 October 2026; 10 March 2022 to 10 March 2027.

The credit line agreement is in force from 9 October 2002 and it expires on 29 December 2023.

Loans from credit institutions are secured by mortgages registered over real estate property in favour of the lending banks.

The net carrying amount of mortgages at the reporting date is EUR 20 704 371 (2021: EUR 18 322 512).

## Notes to the financial statements

### 20. Other loans

<b>Long term:</b>	31.12.2022	31.12.2021
Interest-free, unsecured loan from the shareholders	4 832 608	5 532 616
<b>TOTAL other long-term loans:</b>	<b>4 832 608</b>	<b>5 532 616</b>
<b>Short term:</b>	31.12.2022	31.12.2021
Interest-free, unsecured loan from the shareholders	700 000	700 000
<b>TOTAL other short-term loans:</b>	<b>700 000</b>	<b>700 000</b>
<b>TOTAL other loans:</b>	<b>5 532 608</b>	<b>6 232 616</b>

### 21. Other liabilities

	31.12.2022	31.12.2021
Remuneration	638 280	492 658
Other liabilities	5 087	3 872
<b>TOTAL:</b>	<b>643 367</b>	<b>496 530</b>

### 22. Accrued liabilities

	31.12.2022	31.12.2021
Accrued expenses of unused vacations	541 013	485 543
Other accrued liabilities for operating expenses	1 367 189	1 132 297
<b>TOTAL:</b>	<b>1 908 202</b>	<b>1 617 840</b>

### 23. Taxes and compulsory state social security contributions

	31.12.2022	Calculated	Paid	Repaid	31.12.2021
Social security contributions	304 672	3 401 634	(3 323 896)	-	226 934
Personal income tax	137 077	1 511 999	(1 478 233)	-	103 311
Excise tax	3 430 200	41 610 700	(40 838 898)	-	2 658 398
Corporate income tax	(1 146)	288 521	(291 771)	16 803	18 907
Value added tax	966 903	13 876 674	(13 250 949)	-	341 178
Natural resources tax	867	1 990	(1 838)	-	715
Real estate tax	(813)	52 352	(53 015)	-	(150)
Company car tax	114	14 794	(14 728)	-	48
<b>TOTAL:</b>	<b>4 837 874</b>	<b>60 758 664</b>	<b>(59 253 328)</b>	<b>16 803</b>	<b>3 349 341</b>
<b>TOTAL LIABILITIES:</b>	<b>4 839 833</b>				<b>3 349 491</b>
<b>TOTAL CLAIMS:</b>	<b>(1 959)</b>				<b>(150)</b>

\*Overpaid taxes are disclosed under other receivables (see Note 14).

## Notes to the financial statements

### 24. Personnel costs and number of staff

	2022	2021
Remuneration	10 160 009	8 051 774
Social security contributions	2 394 344	1 887 801
Other personnel cost	67 695	17 605
<b>TOTAL:</b>	<b>12 622 048</b>	<b>9 957 180</b>

#### Including remuneration to key management

	2022	2021
<b>Members of the Board and Council</b>		
Remuneration	464 973	355 530
Social security contributions	109 623	83 751
<b>TOTAL:</b>	<b>574 596</b>	<b>439 281</b>

Average number of employees in the reporting year:

	2022	2021
Members of the Council	6	6
Members of the Board	3	3
Other staff	728	610
<b>TOTAL:</b>	<b>737</b>	<b>619</b>

### 25. Finance lease liabilities

	Maturity date	Contractual amount	Non-current portion	Current portion	Carrying amount of leased assets
Latvian commercial bank	25.11.2027	242 553	150 225	92 328	242 553
<b>Total as at 31.12.2022</b>			<b>150 225</b>	<b>92 328</b>	<b>242 553</b>
<b>Total as at 31.12.2021</b>			<b>61 802</b>	<b>142 871</b>	<b>190 456</b>

Finance lease liabilities are subject to base rates and a variable 3M EURIBOR rate. The interest rates are at an arm's length.

### 26. Financial commitments, guarantees or other contingencies

#### (a) Operating lease liabilities

The Company has signed a number of lease agreements concerning properties. Total actual annual lease expenses in 2022 amounted to EUR 2 426 314 (2021: EUR 1 848 997). At the reporting date, the estimated minimum lease payments under non-cancellable operating lease contracts were:

	31.12.2022	31.12.2021
In less than one year	2 163 624	2 389 705
In 1 – 5 years	6 682 379	7 837 305
In more than 5 years	3 716 352	5 560 164
<b>TOTAL:</b>	<b>12 562 355</b>	<b>15 787 174</b>

## Notes to the financial statements

### (b) Legal claims

The Company is not involved in litigation proceedings dealing with claims raised against AS Virši-A. The Company has raised claims against debtors to recover receivables and there are ongoing litigations. Appropriate allowances have been recognised for doubtful receivables. Any recoveries obtained from litigation are recognised as revenue as received.

### 27. Related party transactions

The Company had transactions with related parties during the reporting year. The most significant transactions and amounts are the following:

Related party:	Description of transaction	Value of transaction	
		2022	2021
Subsidiaries	Loans issued	1 720 000	5 634 872
Subsidiaries	Loans repaid	(1 450 000)	(4 283 563)
Subsidiaries	Other costs related to lease of real estate property	(34 192)	(11 872)
Subsidiaries	Purchase of natural gas	(571 754)	(242 824)
Subsidiaries	Purchase of electricity	(1 561 330)	(395 428)
Subsidiaries	Lease of real estate	(2 146 690)	(1 598 237)
Subsidiaries	Income from sales of goods	677 193	437 193
Subsidiaries	Fuel supply services	(2 299 846)	(1 760 122)
Subsidiaries	Income from management services	12 720	15 120
Subsidiaries	Interest income	83 803	83 832
Associates	Loans issued	1 700 000	-
Associates	Loans repaid	(525 200)	-
Associates	Purchase of natural gas	(391 082)	-
Associates	Fuel intermediation services	(2 143 306)	(5 576 129)
Associates	Income from agent services	11 143	55 797
Associates	Interest income	28 485	-
Associates	Income from management services	5 003	-
Associates	Income from sales of goods	495	-
Shareholders	Loans repaid	(700 008)	(855 127)

### 28. Profit distribution

Management proposes to distribute EUR 2 074 007 (2021: EUR 1 323 153) of net profit as dividends to the shareholders, EUR 1 659 206 (2021: EUR 1 058 522) or EUR 0.10977635 (2021: EUR 0.07014166) per share, and pay corporate income tax of EUR 414 801. The remainder of profit of 2022 is to be left undistributed for further development of the Company.

### 29. Subsequent events

On 24 February 2022, the Russian Federation launched a military attack against Ukraine, which led to the outbreak of war on Ukrainian territory. The world is broadly supporting Ukraine through financial and economic sanctions against the Russian Federation. Management has assessed existing customers, suppliers and business processes - the Company's performance is currently stable, although there is uncertainty at the date of these financial statements about future actions by the neighbouring country and the extent and impact of future sanctions. In light of the situation in Ukraine having arisen and the sanctions against Russia and Belarus imposed by the USA and the European Union - AS VIRŠI-A has suspended cooperation with Russian and Belarusian partners. Also AS VIRŠI-A informs that fuel partners - refineries in Lithuania and Finland - continue to diversify their crude oil sources to reduce their dependence on Russia. The supply of fuel to AS VIRŠI-A proceeds as scheduled and without interruption in accordance with the effective supply agreement. According to management's initial estimates the impact on gross profit is not significant and therefore the health of the company's business model is immaterially affected by the current situation.

## Notes to the financial statements

---

This conclusion is based on the information available as at the date of these financial statements.

According to the decision made by the Board and Council on 23 March 2023, subsidiary SIA "Viršu nekustamie īpašumi" will be merged with the parent company. The merger will lead to more efficient management processes and cost optimisation.

Other than those described in the previous paragraph, no significant subsequent events have occurred in the period from the year-end to the date of these financial statements that would require adjustments to be made to these financial statements or disclosures added within the financial statements.

Riga, 11 April 2023

---

Jānis Vība  
Chairman of the Board

---

Linda Prūse  
Member of the Board

---

Vita Čirjevskā  
Member of the Board

---

Jeļena Laurinaviča  
Chief Accountant

THIS DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP.