



## REPORT OF THE COUNCIL OF AS VIRŠI-A TO THE SHAREHOLDERS' MEETING ON THE 2023 ANNUAL REPORTS AND BUSINESS ACTIVITIES IN 2023

Dear shareholders,

The geopolitical situation and high uncertainty, as well as rising bank interest rates, continued to affect economic development in Latvia in 2023. The country's gross domestic product reduced by 0.3% last year. Despite these unfavourable conditions, AS VIRŠI-A (Virši) has been able to adapt to the changing economic situation and confidently move towards achieving its strategic goals in 2023 as well. The Group's EBITDA has reached EUR 13.7 million, being 11.7% more than in 2022. The company closes the reporting year with a profit of EUR 5.1 million (2022: EUR 10.3 million), while the adjusted net profit from the operating activities of the Group, excluding the result from the change in value of financial instruments, amounts to EUR 7.2 million in 2023 (2022: EUR 7.2 million).

The company continues to significantly increase market share in its main business segments, and the energy sector is becoming increasingly important both in terms of turnover and profits, which strengthens the company's plans to diversify its business model and increase its long-term stability.

Continuing the development of the refuelling network, Virši added 3 new stations and 2 completely renovated stations in 2023. Active work continued on opening several new full-service fuel stations in and around Riga and on major Latvian roads by 2024. In addition, to improve the customer experience, last year the company developed a mobile app that helps drivers save time, pay more easily and receive additional customer benefits at any fuel station across the network.

Special attention is being paid to expanding the EV charging network, and by the end of 2023, customers will be able to charge their electric cars at 14 stations. Of particular note is the fact that only renewable electricity from Latvian producers using sun, water, biomass and biogas is used in the daily operation of electric chargers and fuel stations. At the same time, a large part of Virši stations produce solar energy for self-consumption.

The Council would like to highlight in particular the company's work on sustainability issues, which includes the development of greener solutions, the improvement of employee welfare, and the continuous improvement of corporate governance.

The Council welcomes the professional and diligent work of the Management Board of Virši in aligning day-to-day decisions with moving towards long-term strategic objectives.

The members of the Council have read the financial statements of 2023 prepared by the Management Board and the opinions issued thereon by a certified auditor from KPMG Baltics SIA. The Council submits for approval at the Shareholders' Meeting of Virši, the resolutions prepared by the Management Board on the approval of the 2023 consolidated financial statement and the annual report of Virši, the appointment of the auditor for the review of the 2024 financial reports, and the amendments to the Articles of Association.

23 April 2024

Chairman of the Council **Jānis Riekstiņš**