

AS Virši-A

(UNIFIED REGISTRATION NUMBER 40003242737)

ANNUAL REPORT FOR 2024

**PREPARED IN ACCORDANCE WITH THE ANNUAL REPORTS AND
CONSOLIDATED ANNUAL REPORTS LAW EFFECTIVE IN THE REPUBLIC
OF LATVIA
AND INDEPENDENT AUDITOR'S REPORT**

Riga, 2025

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General information

Name of the Company	Virši-A
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
Members of the Board	Jānis Vība, Chairman 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	<p>VIRŠI loģistika, SIA Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads, Latvia, LV-5101 Holding: 100.00%</p> <p>VIRŠI Renergy, SIA Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads, Latvia, LV-5101 Holding: 100.00%</p> <p>VIRŠI Lietuva, UAB Liepu g. 4, Klaipeda, Lithuania, LT - 92114 Holding: 100.00%, from 23 January 2024</p>

Information on associated companies

Gulf Petrol RE SIA
Brivibas iela 85 - 5, Riga, LV-1001
Holding: 30.00%, from 1 July 2016

GasOn SIA
Biekensalas iela 21, Riga, LV-1004
Holding: 30.00%, from 30 December 2021

Livland Biomethane SIA
Kalna iela 17, Aizkraukle, Aizkraukles pagasts, Aizkraukles novads,
Latvia, LV-5101
Holding: 20.00%, from 5 August 2024

Skulte LNG Terminal AS
Dzirnavu iela 36, Riga, LV-1010
Holding: 19.23%, from 31 May 2022

Chief Accountant

Jeļena Laurinaviča

Auditors

KPMG Baltics SIA
Roberta Hirša iela 1,
Riga, Latvia LV-1045
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 registered and paid up share capital of AS VIRŠI-A is EUR 7 572 256 and it consists of 15 144 510 shares. Nominal value per share is 0.50 EUR. From 11 November 2021, the shares of AS VIRŠI-A are traded on the First North alternative market of Nasdaq Riga.

Performance during reporting year

In 2024, the Company successfully continued implementing its development strategy, which involved objectives such as the expansion of the network and modernisation of service stations and providing consistently high-quality products and services to its customers, as well as extending support to local producers by presenting them with the opportunity to place their products in stores of the Virši network. At the end of 2024, the network of AS VIRŠI-A consisted of 85 trading locations, of which 82 were service stations.

Despite challenging market conditions, the past year has been an ambitious year of investment for the company, which will ensure the Company's long-term growth in the future. We continued to significantly grow our market shares across the main business segments, opening ten new trading locations, as well as continuing to modernize the existing network of service stations. In addition to the construction of new facilities, during the reporting period technical, interior, and exterior improvements were carried out in Virši service stations in Gulbene, Jugla, Dzelmē, and the Company is actively pursuing the development of new facilities in order to achieve its strategic objectives.

In the reporting year, the Company concluded the Alternative Fuels Infrastructure Financing Facility (AFIF) project, under which AS Virši-A developed an electric charging network at 24 Virši service stations. The total number of plugs reaches 71, of which 30 provide at least 160 kW of power at the same time. In addition, from 2024, every charge in the Virši network is made with 100% renewable electricity produced in Latvia, which is guaranteed by certificates of origin for the use of renewable electricity.

In 2024, the Company significantly expanded its payment options for charging electric cars, including payment at the checkout with a payment card, in cash or with a company fuel card. This solution makes EV charging as accessible as refuelling, in line with the EU AFIR regulation and the SRS requirements on payment records. The Group has thus become the first service provider in Latvia with an extensive charging network providing all types of payment options.

In order to promote the development and availability of compressed natural gas (CNG) infrastructure, the Company built its 10th CNG filling station in 2024 at a strategically important location, the Bergi service station. In parallel, work continued on the development of a biomethane plant that will produce compressed biogas (CBG), strengthening the availability of local renewable energy in the transport sector.

In order to raise awareness of sustainable transport solutions in the industry, in 2024 the Company and Scania organised a B2B educational conference *The Future and Development of Transport*. Carriers, fuel and freight vehicle sellers, as well as representatives from the line ministries, attended to discuss industry trends, including the latest developments in transport energy legislation.

The Company's largest business segment by gross profit, convenience stores, in 2024 generated 49.6% or EUR 20.5 million (2023: 47.6% or EUR 17.1 million), an increase of EUR 3.4 million and 19.8% compared to 2023. The result was achieved by increasing turnover, profitability, offering customers a quality and diversified range of products and services, and diversifying sales channels.

The second largest business segment in terms of gross margin is the sale of fuel products. In 2024, retail sales of fuel in Latvia grew by 1.2% in terms of tonnes of fuel sold, while the Company's business grew by 8.8%. In 2024, the gross margin on sales of fuel products is EUR 20.3 million, an increase of EUR 2.4 million or 13.2% compared to 2023. Compared to the previous financial year, the market competition remained high throughout the period, which contributed to both rapid changes in prices and discount offers in the market. While the competitors were busy optimizing and acquiring networks of service stations in 2023 and 2024, as well as in early 2025, VIRŠI continued to increase its market share by expanding the coverage of service stations, brand recognition, and customer loyalty.

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, Virši-A was included in the register of participants in the Extended Cooperation Programme. In 2023, 2022, and 2021, the Company was a Gold Level Participant. In 2024, the Taxpayer Rating Level A was achieved. In 2024, tax payments of more than EUR 101.3 million were made.

Shares of AS VIRŠI-A on Nasdaq Riga Alternative Market First North

Encouraged by the strong past and current performance, and an ambitious future development strategy, during the 2nd half of 2021 the shareholders and management implemented the Initial Public Offering of AS Virši-A. The main aim of the IPO is to raise additional capital in order to further accelerate the Company's future growth strategy. The decision and future vision was presented to the market in April 2021. In conducting the IPO from 25 October to 5 November 2021, one of the Company's objectives was to appeal to existing loyal customers who visit the Company's stations on a daily basis, to attract a new customer segment, and to contribute to the future

Management report

development of the Company by investing the funds raised in the IPO in further development of the biomethane and compressed natural gas (CNG) product, in electric charging points and solar panel solutions for the Company's operations, as well as in the improvement of the IT infrastructure.

Investors holding 100 or more shares can become members of Virši's shareholder loyalty programme, which offers special deals on fuel and other products at the Company's network of service stations.

ESG reporting

In order to comply with the new EU sustainability reporting requirements, the Company conducted an external expert assessment of compliance with the European Sustainability Reporting Standards (ESRS) in early 2024, as well as a double materiality analysis to identify the sustainability themes, risks, and opportunities most relevant to the business, as well as the Company's defined value chain.

During the reporting period, a focused effort was made to develop a sustainability strategy and define its target indicators. The strategy is the result of an assessment of the environmental and social impacts of VIRŠI over the medium and long term, combining the assessment of the Sustainability Working Group, the management team, and industry experts.

The Company's performance targets for the next financial year, defined in 2024, include 15 sustainability targets.

Corporate governance

In January 2024, the Company established a 100% subsidiary in Lithuania, *UAB Virši Lietuva*, to further develop the network of *Virši* service stations in the Baltic States. In August, EUR 500 million were invested in the acquisition of a 20% stake in the associated company *SIA Livland Biomethane* to ensure the achievement of future sustainability objectives and further diversification of the Company's business model. Both projects are being developed by VIRŠI in compliance with the Group's corporate governance principles and regulatory requirements.

Environment protection measures

Joint Stock Company VIRŠI-A operates effectively and has a certified integrated quality, environmental, and energy management system based on the requirements of international standards ISO 9001:2015, 14001:2015, and 50001:2018. The integrated management system ensures continuous improvement of the company's performance and alignment of objectives with environmental protection, energy efficiency, and process quality. The requirements of the integrated management system and the legislation of the Republic of Latvia are complied with in the storage and marketing of fuel products, procurement, acquisition of new technological equipment, implementation of station reconstruction and new development projects, marketing of goods and products, and customer service.

The objectives of the Integrated Management System of Virši for 2024 include the use of renewable resources, reduction of energy consumption and improvement of energy efficiency, control over environmental impacts and pollution of the stations. With regard to the responsibility for historical groundwater contamination at filling stations, remediation of historically contaminated groundwater has been carried out at two stations under category B permits for polluting activities. As part of its ongoing commitment to sustainability and waste reduction, an initiative was launched in 2024 to replace paper hand towels in customer restrooms with electric hand dryers. The Company also continued recycling coffee grounds for biogas production throughout the year. To further encourage waste segregation, waste sorting bins were installed at 31 stations in 2024, allowing customers to actively participate in environmental efforts.

In line with efforts to enhance technological processes, improve energy efficiency, and support environmental protection, Virši invested in next-generation technological solutions in 2024, including high-efficiency refrigeration equipment, innovative station lighting systems, fuel storage tanks with integrated control systems, and the installation of underground waste collection bins.

Employees

In 2024, Virši-A was highly rated on the labour market, winning CV-Online's *Top Employer* awards in several categories: 4th place in the main category ("First employer that comes to mind"), 2nd place in the commercial sector and 1st place in the Zemgale region. These achievements demonstrate the Group's reputation as a stable and sought-after employer, as well as its commitment to improving the working environment and attracting employees.

An employer branding strategy has been developed to further strengthen the Company's visibility and attractiveness on the labour market. It is based on clearly defined values, a sustainable HR policy and targeted measures aimed at employee well-being, professional development opportunities, and building a strong team culture. The strategy aims not only to attract young talent, but also to ensure sustainable development by motivating and engaging existing employees.

Social responsibility

In 2024, the Company continued to pursue a targeted social support strategy, working with various organisations and associations that promote children's education and development in sport. The Company invests in sustainable initiatives that have a positive impact on the growth and well-being of the younger generation.

Management report

One of the priorities of the strategy is long-term support for specific organisations. Since 2023, the Group has worked with SOS Children's Villages to provide financial and informational support. During the reporting period, the Group supported the Association's activities with a donation of EUR 21 018, all of which was allocated to the programme *Upon the birth of a baby*, where parents of newborn babies receive emotional and informational support from an Emotional First Aid Mum (PEP Mum). During the reporting year, outreach activities were continued with the aim to raise awareness of the SOS Children's Villages Association and the need for support.

During the reporting period, the support to the National Blood Donor Centre, launched in 2020, continued, further explaining and highlighting the importance of continuity of blood donation to both the public and the company's employees. Donor Days are also organised at the Group's Riga office, addressing the company's employees and business partners, thus supporting the Latvian blood donor movement.

In order to demonstrate responsibility and support for the security of Latvia the Group participated with information support in the comprehensive national defence exercise *Namejs 2024* organised by the National Armed Forces. The public could enjoy freshly roasted coffee from special Home Guard mugs with the motto *My Latvia - My Responsibility* at the Group's network of service stations, inviting the public to be aware of their role in national defence and strengthening the values of patriotism. To raise awareness of the exercise, information materials were placed in service stations, emphasising the importance of public involvement. As a Latvian capital company, *Virši's* outreach support was an expression of its position that national security is a shared responsibility, and through this initiative it helped to raise public awareness and support for those who care about Latvia's defence.

Management of financial risks

The Company is exposed to financial risks including credit risk, oil price risk, interest rate, liquidity 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 the 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 established due days. Trade receivables are carried at their recoverable amount. The Company's partners in cash transactions are local financial institutions with an appropriate credit history.

The Company is exposed to the oil price risk as it both purchases and sells fuel products, and 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 is exposed to a interest rate risk both in the short- and long-term. A change in interest rates may affect the cost of funds borrowed by the Company as well as the size of cash flows.

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 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.

Post balance sheet events

On 12 February 2025, AS Virši-A extended the repayment schedule for the loan to AS SEB banka recognised as a current liability on the balance sheet as at 31 December 2024; the signed repayment schedule provides for the repayment of the loan by March 2028.

As part of the Company's strategic development, on 4 April 2025, the Company signed a loan agreement with SEB banka AS for an amount of EUR 5 million with an interest rate of 1.2% + 6 month EURIBOR and the maturity date in April 2030. The loan was raised to further develop the service station network, develop the charging infrastructure, strengthen the diversification of the business model and invest in the development of digital systems.

On 2 April 2025, the Company contributed EUR 1 356 384 to Livland Biomethane SIA, increasing its shareholding in the company from 20% to 49%. In the first quarter of 2025, the Company also issued a convertible loan of EUR 143 146 and a loan of EUR 1 000 000 maturing in April 2029. The investment was made and the loans were issued by AS Virši-A for the construction of a biomethane plant. The construction of the biomethane plant is planned for 2025.

No other 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 consolidated financial statements.

Riga, 23 April 2025

Jānis Vība
Chairman of the Board

Linda Prūse
Member of the Board

Vīta Čirjevskā
Member of the Board

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Profit or Loss Statement

	Note	2024 EUR	2023 EUR
Net sales	2	353 479 369	323 436 508
Cost of goods sold, cost of services	3	(312 199 757)	(287 515 108)
Gross profit		41 279 612	35 921 400
Selling expenses	4	(29 403 940)	(26 848 356)
Administrative expenses	5	(3 649 203)	(2 629 723)
Other operating income	6	1 143 073	409 211
Other operating expenses	7	(1 243 831)	(1 140 405)
Other interest and similar income:			
a) from related parties		135 453	252 598
b) from other parties		-	367 486
Adjustments to impairment of current and non-current financial investments:			
a) Impairment of investment in associated companies	11	(382 860)	(21 575)
Interest and similar expenses:			
a) to related parties		(126 274)	-
b) to other parties		(1 375 043)	(653 158)
Profit before tax		6 376 987	5 657 478
Corporate income tax for the reporting year		(251 496)	(400 005)
Profit after corporate income tax		6 125 491	5 257 473
Profit of the reporting year		6 125 491	5 257 473

The accompanying notes on pages 13 to 31 are an integral part of these financial statements.

Riga, 23 April 2025

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Balance Sheet as 31 December 2024

ASSETS

	Note	31.12.2024 EUR	31.12.2023 EUR
NON-CURRENT ASSETS			
Intangible assets	8		
Concessions, patents, licences, trademarks, and similar rights		292 441	338 225
Other intangible assets		369 771	317 932
TOTAL		662 212	656 157
Property and equipment	9		
Real estate:			
a) Land, buildings, and engineering structures		78 621 815	65 508 021
Leasehold improvements		670 578	463 665
Equipment and machinery		11 570 476	9 260 642
Other fixed assets and inventory		4 889 736	4 272 910
Construction in progress		2 095 295	2 970 663
Prepayments for fixed assets		680 357	1 180 552
TOTAL		98 528 257	83 656 453
Long-term financial investments			
Investments in related companies	10	975 260	925 260
Investments in associated companies	11	1 694 524	1 576 884
Loans to associated companies	15b	201 600	227 600
Other loans and long term receivables		45 752	-
TOTAL		2 917 136	2 729 744
TOTAL NON-CURRENT ASSETS		102 107 605	87 042 354
CURRENT ASSETS			
Inventories			
Raw materials	12	738 044	698 155
Finished goods and goods for sale	12	11 624 527	11 065 759
Prepayments for inventories		302 164	217 955
TOTAL		12 664 735	11 981 869
Receivables			
Trade receivables	13	17 323 161	16 889 874
Due from related parties		436 687	156 943
Other receivables	14	260 864	278 532
Loans to related parties	15a	650 000	-
Loans to associated companies	15b	1 840 000	1 750 000
Prepaid expenses		345 475	290 409
Accrued income		546 982	107 645
TOTAL		21 403 169	19 473 404
Cash	16	2 012 491	3 063 729
TOTAL CURRENT ASSETS		36 080 395	34 519 002
TOTAL ASSETS		138 188 000	121 561 356

Balance Sheet as 31 December 2024

EQUITY AND LIABILITIES			
	Note	31.12.2024 EUR	31.12.2023 EUR
SHAREHOLDERS' EQUITY			
Share capital	17	7 572 256	7 564 731
Share premium	17	6 358 527	6 358 527
Long-term investment revaluation reserve	18	24 343 098	25 165 723
Reserves:			
f) other reserves		25 731	25 731
Retained earnings brought forward from previous years		23 595 177	19 161 038
Profit of the reporting year		6 125 491	5 257 473
TOTAL SHAREHOLDERS' EQUITY		68 020 280	63 533 223
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	19	23 525 876	14 601 230
Other loans	20	5 055 500	5 755 516
Deferred income		277 297	391 872
TOTAL		28 858 673	20 748 618
Current liabilities			
Loans from credit institutions	19	6 805 836	7 114 005
Other loans	20	3 700 008	3 200 000
Customer advances		536 235	542 693
Accounts payable to suppliers and contractors		17 759 682	15 857 509
Due to related parties		524 692	284 593
Taxes and compulsory state social security contributions	23	8 393 849	6 905 774
Other liabilities	21	862 421	742 523
Deferred income		101 831	112 627
Accrued liabilities	22	2 624 493	2 519 791
TOTAL		41 309 047	37 279 515
TOTAL LIABILITIES		70 167 720	58 028 133
TOTAL EQUITY AND LIABILITIES		138 188 000	121 561 356

The accompanying notes on pages 13 to 31 are an integral part of these financial statements.

Riga, 23 April 2025

Jānis Vība
Chairman of the Board

Linda Prūse
Member of the Board

Vita Čirjevskā
Member of the Board

Jeļena Laurinaviča
Chief Accountant

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Statement of Cash Flows

	Note	2024 EUR	2023 EUR
Cash flow of the principal activity			
Profit before corporate income tax		6 376 987	5 657 478
Adjustments for:			
Impairment of property and equipment	9, 18	4 281 046	3 290 558
impairment of intangible assets	8	209 949	118 053
interest and similar revenue		(135 453)	(620 084)
adjustments to impairment of current and non-current financial investments		382 860	21 575
interest and similar expenses		1 501 317	653 158
Profit before adjustment for the impact of changes to current assets and current liabilities		12 616 706	9 120 738
(increase)/decrease of receivables		(1 235 517)	(549 005)
(increase) or decrease in inventories;		(682 866)	(2 671 452)
increase/(decrease) of accounts payable to suppliers, contractors and other creditors		3 727 836	915 649
Gross cash flows from (used in) operating activities		14 426 159	6 815 930
Interest paid		(1 501 317)	(653 158)
Corporate income tax		(256 214)	(462 133)
		-	-
Net cash flows from (used in) operating activities		12 668 628	5 700 639
Cash flows from investing activities			
Acquisition of shares in related, associated, or other companies	10,11	(550 500)	-
Acquisition of fixed and intangible assets	8,9	(20 217 372)	(13 644 236)
Income from disposal of fixed and intangible assets		25 893	13 070
Loans issued		(840 000)	(2 203 000)
Income from repayment of loans		126 000	130 473
Interest received		135 453	620 084
Acquired as a result of merger		-	3 342
Net cash flows used in investing activities		(21 320 526)	(15 080 267)
Cash flows from financing activities			
Loans received		18 788 572	6 500 000
Repayment of loans		(10 316 672)	(2 924 258)
Finance lease payments		(55 431)	(73 917)
Dividends paid		(815 809)	(1 659 205)
		-	-
Net cash flows from financing activities		7 600 660	1 842 620
Net cash flows for the reporting year		(1 051 238)	(7 537 007)
Cash and cash equivalents at the beginning of the year		3 063 729	10 600 736
Cash and cash equivalents at the end of the year	16	2 012 491	3 063 729

The accompanying notes on pages 13 to 31 are an integral part of these financial statements.

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Statement of Changes to the Shareholders' Equity

Note	Share capital	Share premium	Long-term investment revaluation reserve	Reserves	Retained earnings	Total
31 December 2022	7 557 211	6 358 527	20 194 915	25 731	21 874 579	56 010 963
Investment in share capital Acquired as a result of merger	17 7 520	-	-	-	(7 520)	-
Increase/(decrease) in the long-term investment revaluation reserve			6 024 906		(1 046 816)	4 978 090
Dividends paid	18 -	-	(1 054 098)	-	-	(1 054 098)
Profit of the reporting year	17 -	-	-	-	(1 659 205)	(1 659 205)
					5 257 473	5 257 473
31 December 2023	7 564 731	6 358 527	25 165 723	25 731	24 418 511	63 533 223
Investment in share capital	17 7 525	-	-	-	(7 525)	-
Increase/(decrease) in the long-term investment revaluation reserve			(822 625)		-	(822 625)
Dividends paid	17 -	-	-	-	(815 809)	(815 809)
Profit of the reporting year					6 125 491	6 125 491
31 December 2024	7 572 256	6 358 527	24 343 098	25 731	29 720 668	68 020 280

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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 ("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 financial statements for 2024 were approved by the decision of the Board on 23 April 2025.

Summary of significant accounting principles

Basis of the preparation

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

The financial statements were prepared on a going concern basis. The currency unit used in the financial statements is the euro (EUR). The financial statements cover the period from 1 January 2024 to 31 December 2024.

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 with those used in the prior 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 and calculated 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.

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.

According to management opinion, the classification of certain items in 2024 was changed compared to the financial statements for 2023. The reclassification has no impact on the financial result. The comparative information for 2023 disclosed in the financial statements for 2024 was classified in line with the principles used in 2024 and is comparable. The opening balances before reclassification agree with the prior year closing balances. 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 material accounting principles (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 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. Such assets are carried at amortized cost in accordance with the effective interest rate method. Profit and loss is recognised in the profit and loss statement as the underlying assets are derecognised or impaired, and also through an amortisation process.

Use of derivative financial instruments

In addition to the above risk management policies, the Company uses derivatives to hedge financial risks.

Derivatives are financial instruments whose value changes depending on the interest rate, securities price, foreign exchange rate, price index or rate, credit rating or changes in a similar flexible ratio, and which is impacted by one or several financial risks characteristic of the underlying financial instrument, and transferred from the Company to other parties to the transaction.

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 material accounting principles (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:

a) Revaluation to fair value of the PPE item *Land, buildings, and engineering structures*.

b) The Company's investments in associates are subject to review based on the expected future performance and projected cash flows of the associate.

Financial risks related to financial instruments of the Company, 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;

Commodity price risk – risk that the Company may suffer losses arising from fluctuations in the crude oil or natural gas prices;

Management has implemented the following procedures to control the key risk.

Credit risk

For the purposes of credit risk management, the 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

The Company is exposed to a interest rate risk both in the short- and long-term. A change in interest rates may affect the cost of funds borrowed by the Company as well as the size of cash flows.

Liquidity risk

The Company is prudent in its liquidity risk management and ensures that appropriate funds/ credit line facilities are available to meet its 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 or loss statement at net amount. There are no assets or liabilities in foreign currencies as at the reporting date. There has been no change to policies in relation to currency risk management during the reporting period.

Commodity price risk

Commodity price risks in the Company are affected by fuel business market prices for crude oil, and by introduction of CNG in the market. While the consumption of natural gas in the Company remained relatively low to the reporting date, crude oil price is a significant driver behind changes in turnover and cost of products.

Crude oil price is subject to significant fluctuations resulting from a periodic over-supply and supply tightness in various regional markets, coupled with fluctuations in demand globally and in the local market. The results of operations of the Company in any given period are principally driven by the demand for and prices of oil and renewable products relative to the supply and cost of raw materials. These factors drive operational performance and cash flows in fuel business of the Company.

In order to balance the Company's dependence on crude oil price globally, there are several measures in place – the Company owns a storage facility that helps mitigate short term market volatilities; sustainable fuel alternatives are introduced to the market and the Group's portfolio (CNG, electricity); there is ongoing development of retail stores and catering in fuel stations. This results in the decrease of both the proportion of profits driven by crude oil products and the dependence on prices on these products. There has been no change to policies in relation to commodity price risk management during the reporting period.

Notes to the financial statements

Summary of material accounting principles (continued)

Investments

Investments in 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 historical cost.

Investments in associates

The Company's interests in equity-accounted investees comprise investments in associates. Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Such investments are initially recognized at cost, which includes transaction costs.

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.

Property and equipment

(i) Useful lives of property and equipment

Property and equipment is carried at historical cost except for land, buildings, and engineering structures 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.

Notes to the financial statements

Summary of material accounting principles (continued)

(ii) Fair value of property and equipment

Land, buildings, and engineering structures are measured by the 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 or loss statement, then the increase resulting from revaluation is recognized as income in the profit or 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:

gradually over the entire lifetime of the revalued fixed 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 fixed asset, and depreciation calculated based on the cost of the fixed asset.

On 30 December 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 carried 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.

Notes to the financial statements

Summary of material accounting principles (continued)

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 the obligation can be measured reasonably. If the Company foresees that the expenses required for recognizing a provision 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 provisions are recognized in the profit and loss statement less recovered amounts.

Contingent liabilities and assets

Contingent liabilities are not recognized 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 when there is reasonable likelihood that the Company will receive an inflow of funds.

Leases

Finance lease transactions under which the Company assumes substantially all the risks and rewards of ownership the lease object are recognized in the balance sheet as fixed assets at an amount that represents the fair value of the lease object at inception or at the present value of minimum lease payments if the fair value is lower. Finance lease payments are allocated between financial expenses 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.

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 agreements are recognized as expenses on a straight-line basis over the lease term. The Company's liabilities arising from the operating lease transactions are disclosed as contingent liabilities.

Revenue recognition

Income 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 based on the following conditions:

Sales of goods

Sale of goods is recognised when the Company has passed the significant risks and rewards of ownership of the goods to the customer.

Provision of services

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

Long-term and short-term classification

Amounts with terms of receipt, payment, or write off due in more than one year after the reporting date are classified as long term. Amounts to be received, paid, or written off within a year are classified as short-term.

Corporate Income Tax

The tax rate is 20% from the taxable base determined by dividing the value of the amount taxable with corporate income tax by coefficient 0.8, includes:

- distributed profit (dividends calculated, payments equivalent to dividends, conditional dividends), and
- conditionally or theoretically distributed profit (non-operating expenses and other specific cases provided for by the law).

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 from other types of operations

<i>By type of operating activity</i>	2024	2023
Sale of oil products	293 629 826	272 318 801
Sale of other goods	55 221 004	46 902 854
Other income	4 628 539	4 214 853
TOTAL:	353 479 369	323 436 508

<i>By geographic market</i>	2024	2023
Latvia	351 940 271	322 151 779
Other	1 539 098	1 284 729
TOTAL:	353 479 369	323 436 508

3. Cost of goods sold, cost of services

	2024	2023
Cost of oil products and goods	308 128 896	284 531 853
Depreciation and amortisation	105 532	106 387
Decrease of the revaluation reserve	(47 198)	(47 198)
Personnel expenses	189 990	175 749
Cost of lease of real estate property and other costs	198 416	46 647
Maintenance and repairs	101 208	37 171
Transport expenses	334 631	75 399
Other expenses	3 188 282	2 589 100
TOTAL:	312 199 757	287 515 108

4. Selling expenses

	2024	2023
Personnel expenses	15 447 656	13 317 486
Depreciation and amortisation	5 028 679	3 590 711
Decrease of the revaluation reserve	(775 770)	(624 866)
Cost of lease of real estate property and other costs	580 679	2 182 060
Maintenance and repairs	3 672 048	3 184 625
Marketing expenses	1 030 206	1 241 918
Transport expenses	2 949 464	2 704 308
Other expenses	1 470 978	1 252 114
TOTAL:	29 403 940	26 848 356

Notes to the financial statements

5. Administrative expenses

	2024	2023
Personnel expenses	2 256 628	1 650 414
Depreciation and amortisation	184 870	135 317
Decrease of the revaluation reserve	342	327
Cost of lease of real estate property and other costs	37 944	33 640
Maintenance and repairs of office	93 512	62 666
Transport expenses	217 388	211 752
Professional services *	480 912	338 239
Other expenses	377 607	197 368
TOTAL:	3 649 203	2 629 723

* including total remuneration paid to certified auditors:

	2024	2023
SIA KPMG Baltics for audit of the financial statements	55 000	41 800
ZAB KPMG Law for other expert engagements	-	2 250
LLC Volksona zvērinātu advokātu birojs for other expert engagements	-	7 457
ZAB Eversheds Sutherland Bitāns, SIA	-	7 766
SIA PRICEWATERHOUSECOOPERS	6 500	-
LLC KPMG Baltics for tax and legal advice	15 782	25 315
TOTAL:	77 282	84 588

6. Other operating income

	2024	2023
Gain on currency exchange fluctuations, net	-	8 779
Gain on disposal of property and equipment	25 893	-
<i>Revenue from sales of property and equipment</i>	25 893	-
<i>Non-amortised value of disposed property and equipment</i>	-	-
Income from an insurance compensation received	68 705	82 533
Recovery of written-off/doubtful receivables	816	2 766
Other operating income	1 047 659	315 133
TOTAL:	1 143 073	409 211

Notes to the financial statements

7. Other operating expenses

	2024	2023
Loss from sales of property and equipment, net, incl:	-	248 331
<i>Revenue from sales of property and equipment</i>	-	(13 070)
<i>Non-amortised value of disposed property and equipment</i>	-	261 401
Changes in doubtful debt allowances	586 359	(13 055)
Write-off of bad debts	36 250	148 939
Staff sustainability measures	306 608	261 955
Loss on currency exchange fluctuations, net	1 502	-
Donations	135 531	138 700
Bank charges	79 589	71 553
Other operating expenses	97 992	283 982
TOTAL:	1 243 831	1 140 405

8. Intangible assets

	Concessions, patents, licenses, trademarks and similar rights	Other intangible investments	Intangible assets in development	TOTAL
Historical cost				
31 December 2023	468 205	801 127	-	1 269 332
Additions	33 180	76 006	106 818	216 004
Elimination of historical cost	-	-	-	-
Reclassifications	9 489	97 329	(106 818)	-
31 December 2024	510 874	974 462	-	1 485 336
Accumulated amortization				
31 December 2023	129 980	483 195	-	613 175
Calculated amortization	88 453	121 496	-	209 949
Amortization of disposed assets	-	-	-	-
31 December 2024	218 433	604 691	-	823 124
Carrying amount				
31 December 2023	338 225	3 179 326	-	656 157
31 December 2024	292 441	369 771	-	662 212

Notes to the financial statements

9. Fixed assets

	Land, buildings, and engineering structures	Leasehold improvements	Equipment and machinery	Other property and equipment	Construction in progress	Prepayments for property and equipment	TOTAL
Historical cost							
31 December 2023	74 690 434	692 024	14 988 354	9 632 962	2 970 663	1 180 552	104 154 989
Additions	1 826 581	68 503	1 423 930	1 103 638	15 024 552	554 164	20 001 368
Reclassifications	13 334 043	214 593	2 225 986	1 179 657	(15 899 920)	(1 054 359)	-
Cost of disposed items of property and equipment	-	-	(56 182)	(222 421)	-	-	(278 603)
31 December 2024	89 851 058	975 120	18 582 088	11 693 836	2 095 295	680 357	123 877 754
Accumulated depreciation and impairment							
31 December 2023	9 182 413	228 359	5 727 712	5 360 052	-	-	20 498 536
Depreciation, depreciation of the revalued part*	2 046 830	76 183	1 340 082	1 646 037	-	-	5 109 132
Accumulated depreciation of disposed property and equipment	-	-	(56 182)	(201 989)	-	-	(258 171)
31 December 2024	11 229 243	304 542	7 011 612	6 804 100	-	-	25 349 497
Carrying amount							
31 December 2023	65 508 021	463 665	9 260 642	4 272 910	2 970 663	1 180 552	83 656 453
31 December 2024	78 621 815	670 578	11 570 476	4 889 736	2 095 295	680 357	98 528 257

On 30 December 2022, the Company revalued property and equipment under category Land, buildings, and engineering structures to fair value. The result of revaluation (appreciation) 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 performed, the carrying amount of the category as at 31 December 2024 would have been EUR 54 253 766 (31 December 2023: EUR 40 379 279). The management believes the fair value at the end of 2024 was not materially different from the carrying amount.

Type	Fair value, EUR (2022-2024)	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"> - Discount rate ranging from 11% to 15.5% - Capitalization rate ranging from 10% to 14.0% - Gross revenue assumption in year one for fuel sales from EUR 40 thousand to EUR 326 thousand - Gross revenue assumption in year one for store sales from EUR 54 thousand to EUR 333 thousand - Revenue growth from year 4 or 5 – 0.5% per year (with the exception of a new filling station with growth of 5%-7% p.a.) 	<ul style="list-style-type: none"> Market value may increase (reduce) if: - Discount rate reduces (increases); - Initial gross revenue from fuel and store sales increases (reduces); - Maintenance cost of filling stations reduces (increases); - Forecast of changes in revenue increases (reduces).
Oil storage facility / railway network	1 936 000	Discounted cash flows / capitalisation of lease revenue	<ul style="list-style-type: none"> - Discount rate 17.5% - Capitalization rate ranging from 7.5% to 15% - Rent of 0.14 EUR/m² (land) to 3.0 EUR/t (fuel) - Leased land/transshipment capacity/annual utilisation 49-95% - Revenue growth from year 3 0.5% - 1.0% p.a. 	<ul style="list-style-type: none"> Market value may increase (reduce) if: - Discount / capitalisation rate reduces (increases); - Rent increases (reduces); - Occupancy increases (reduces); - Maintenance cost of real estate properties reduces (increases); - Forecast of changes in revenue increases (reduces).
Commercial buildings	59 000	Discounted cash flows	<ul style="list-style-type: none"> - Discount rate 12.0%, capitalization rate 10.0 – 10.5% - Rent 1.00 - 3.00 EUR/m² - Occupancy rate 65-90% p.a. - Revenue growth from year 3 0.5% - 1.0% p.a. 	<ul style="list-style-type: none"> Market value may increase (reduce) if: - Discount rate reduces (increases); - Rent increases (reduces); - Occupancy increases (reduces); - Maintenance cost of real estate properties reduces (increases);

Notes to the financial statements

Type	Fair value, EUR (2022-2024)	Valuation approach	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurement
				- Forecast of changes in revenue increases (reduces).

Cadastre value of the Company's real estate

	31.12.2024	31.12.2023
Buildings and constructions	2 135 017	2 096 323
Land	2 672 374	2 612 625
TOTAL:	4 807 391	4 708 948

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 was EUR 5 468 238 (2023: EUR 4 280 346).

Carrying amount of assets purchased under finance lease

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

	31.12.2024	31.12.2023
Equipment and machinery	113 576	167 598
TOTAL:	113 576	167 598

In 2024, tangible assets purchased under finance lease amounted to EUR 133 205 (2023: EUR 168 636). Please see also Note 25.

Depreciation and amortisation

Total depreciation and amortization costs are included in the following items of the profit and loss statement:

	2024	2023
Cost of goods sold, cost of services	105 532	106 387
Selling expenses	5 028 679	3 590 711
Administrative expenses	184 870	135 317
TOTAL:	5 319 081	3 832 415

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. Investment in subsidiaries

	31.12.2024	31.12.2023
Carrying amount as at 1 January	925 260	6 447 560
Reorganisation	-	(5 522 300)
Investment	50 000	-
Carrying amount as at 31 December:	975 260	925 260

Name of the company	Number of shares held as at		Carrying amount 31.12.2024	Equity of the related party as at 31.12.2024	Profit/(loss) of the related party at the reporting date
	31.12.2024	Historical cost			
	%	EUR	EUR	EUR	EUR
SIA Virši Renergy	100	352 800	352 800	5 112 375	644 879
SIA Virši loģistika	100	572 460	572 460	961 426	123 914
UAB Virši Lietuva	100	50 000	50 000	(396 615)	(446 615)
		975 260	975 260	5 677 186	322 178

Dividends from subsidiaries were not received during the reporting year.

11. Investments in associated companies

	31.12.2024	31.12.2023
Carrying amount as at 1 January	1 576 884	1 556 399
Purchases	500 500	-
Adjustments to impairment of current and non-current financial investments:	(382 860)	(21 575)
Reorganisation	-	42 060
Carrying amount as at 31 December:	1 694 524	1 576 884

Name of the Company	Number of shares held as at		Carrying amount 31.12.2024	Equity of the associate as at 31.12.2024	Profit/(loss) of the associated company in the reporting year
	31.12.2024	Historical cost			
	%	EUR	EUR	EUR	EUR
AS Skulte LNG Terminal	19.23	21 575	-	(1 714)	(25)
SIA GasOn	30	1 534 824	1 151 964	465 352	(587 738)
SIA GulfPetrol RE	30	42 060	42 060	218 787	51 669
SIA Livland Biomethane	20	500 500	500 500	368 981	(130 144)
		2 098 959	1 694 524	1 051 406	(666 238)

Name of the company	Number of shares held as at		Carrying amount 31.12.2023	Equity of the associate as at 31.12.2023	Profit/(loss) of the associated company in the reporting year
	31.12.2023	Historical cost			
	%	EUR	EUR	EUR	EUR
AS Skulte LNG Terminal	19.23	21 575	-	(1 689)	(18 668)
SIA GasOn	30	1 534 824	1 534 824	1 056 846	(224 516)
SIA GulfPetrol RE	30	42 060	42 060	167 118	56 300
		1 598 459	1 576 884	1 222 275	(186 884)

Notes to the financial statements

At the end of 2023, the reorganisation process of AS Virši-A was completed by merging the subsidiary SIA Viršu nekustamie īpašumi and taking over the investment in SIA GulfPetrol RE

In 2024, an impairment test was carried out on the investment in SIA Gason, and a decision was made to reduce the value of the investment by EUR 382 860, which was recognized in the profit or loss statement.

12. Inventories

	31.12.2024	31.12.2023
Auxiliary materials	644 978	613 557
Fuel	8 489 213	8 476 636
Other goods	3 228 380	2 673 721
TOTAL:	12 362 571	11 763 914

13. Trade receivables

	31.12.2024	31.12.2023
Trade receivables	18 451 945	17 432 299
Allowances for doubtful debts	(1 128 784)	(542 425)
TOTAL:	17 323 161	16 889 874

14. Other receivables

	31.12.2024	31.12.2023
Overpaid taxes*	3 507	-
Security deposits	145 856	145 187
Other receivables	111 501	133 345
TOTAL:	260 864	278 532

* Overpaid taxes (See Note 23).

15. Loans

15.a Loans to related parties

	31.12.2024	31.12.2023
Outstanding as at 1 January 2024	-	4 153 534
Carrying amount as at 1 January 2024	-	4 153 534
Loans issued	650 000	1 653 000
Loans repaid	-	(104 873)
Acquired as a result of merger	-	(5 701 661)
Outstanding as at 31 December 2024	650 000	-
Balance as at 31 December 2024	650 000	-

In 2021, an agreement was signed about a loan of EUR 8 500 000 to subsidiary SIA Viršu nekustamie īpašumi. The maturity date is 31 December 2024 and the annual interest rate is 2%+3m Euribor. During 2023, the loan was acquired as a result of merger. The balance of the loan as at 31 December 2024 is nil (31.12.2023: nil).

In 2021, an agreement was signed about a loan of EUR 204 872 to subsidiary SIA Virši Logistics. The maturity date is 31.12.2024 and the annual interest rate is 2%+3m Euribor. The balance of the loan as at 31 December 2024 is EUR 0 (31.12.2023: 0).

Notes to the financial statements

In 2024, an agreement was signed about a loan of EUR 1 100 000 to subsidiary UAB Virši Lietuva. The maturity date is 25 March 2025 and the annual interest rate is 2.4%+3m Euribor. The loan as at 31 December 2024 amounts to EUR 650 000.

15.b Loans to related parties

	31.12.2024	31.12.2023
Outstanding as at 1 January 2024	1 977 600	1 453 200
Carrying amount as at 1 January 2024	1 977 600	1 453 200
Loans issued	190 000	550 000
Loans repaid	(126 000)	(25 600)
Outstanding as at 31 December 2024	2 041 600	1 977 600
Balance as at 31 December 2024	2 041 600	1 977 600

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 2024 is EUR 201 600.

In 2021, an agreement was signed about a convertible loan of EUR 1 200 000 to associate SIA Gason. The maturity date is 30 June 2025 and the annual interest rate is 2.2%. The loan as at 31 December 2024 amounts to EUR 1 200 000. In 2023, a loan agreement was signed about EUR 500 000 maturing on 30.06.2025 with the annual interest rate of 4.5%+3m Euribor. The balance of the loan as at 31 December 2024 is EUR 500 000. In 2024, a loan agreement was signed about EUR 140 000 maturing on 30.06.2025 with the annual interest rate of 4.5%+3m Euribor. The balance of the loan as at 31 December 2024 is EUR 140 000.

In 2023, an agreement was signed about a loan of EUR 50 000 to subsidiary SIA Livland Biomethane. The maturity date is 31.12.2024 and the annual interest rate is 2.5%+3m Euribor. In 2024, an additional loan of EUR 50 000 was agreed at an annual interest rate of 2.5% + 3m Euribor, maturing on 31 December 2024. The balance of the loan as at 31 December 2024 is EUR 0 (31.12.2023: 50 000).

16. Cash and cash equivalents

	31.12.2024	31.12.2023
Cash in bank and on hand	449 832	1 413 844
Money in transit	1 562 659	1 649 885
TOTAL:	2 012 491	3 063 729

17. Share capital

Share capital of the Group in 2024 is EUR 7 572 256 (2023: EUR 7 564 731), comprised of 15 144 510 shares (2023: 15 129 460). Nominal value per share is EUR 0.50 (2023: EUR 0.50). All shares are fully paid. In 2024, the Company continued its employee share option programme by making the second conversion of options, increasing share capital and issuing an additional 15 050 (2023: 15 039) shares for a total value of EUR 7 525 (2023: EUR 7 520).

In November 2023, AS VIRŠI-A merged with the subsidiary SIA Viršu nekustamie īpašumi. The subsidiary was engaged in real estate development and owned part of the filling stations in Virši, which were leased to AS VIRŠI-A. The purpose of the reorganisation is to simplify the Group's structure and make management more efficient and to reduce administrative costs.

In the reporting year, dividends were distributed out of retained earnings of EUR 1 019 761; EUR 815 809 or EUR 0.05392188 per share was paid to shareholders in dividends, and EUR 203 952 was paid as corporate income tax.

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 2024	2023
	31.12.2024	31.12.2023		
Long-term investment revaluation reserve	24 343 098	25 165 723	(822 625)	4 970 807
			2024	2023
Decrease (amortisation) of the revaluation reserve			(822 625)	(671 736)
Revaluation reserve of disposed tangible assets			-	(382 362)
Acquired as a result of merger			-	6 024 906
		TOTAL:	(822 625)	4 970 808

19. Loans from credit institutions

Long term:		<i>Maturity term</i>	31.12.2024	31.12.2023
Loans from Latvian commercial banks	EUR	09.08.2029	23 463 578	14 488 095
Finance lease liabilities	EUR	25.11.2027	62 298	113 135
TOTAL long-term loans from credit institutions:			23 525 876	14 601 230
Short-term:		<i>Maturity term</i>	31.12.2024	31.12.2023
Loans from Latvian commercial banks	EUR	18.03.2025	6 754 929	7 058 504
Finance lease liabilities	EUR	25.11.2027	50 907	55 501
TOTAL short-term loans from credit institutions:			6 805 836	7 114 005
TOTAL loans from credit institutions:			30 331 712	21 715 235

Credit line facility unused at the reporting date:

	31.12.2024	31.12.2023
Maturing within 12 months	5 000 000	3 000 000
TOTAL:	5 000 000	3 000 000

Loans from credit institutions carry base rates plus a variable rate of 3M 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 2024, a loan EUR 11 525 810 was received.

The loan agreements are in force: 20 March 2020 - 18 March 2025; 22 October 2021 - 22 October 2026; 10 March 2022 - 10 March 2027; 27 December 2023 - 27 December 2028; 23 February 2024 - 22 February 2029; 19 March 2024 - 27 December 2028; 09 August 2024 - 09 August 2029

The credit line agreement is in force from 9 October 2002 and it expires on 30 May 2025.

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

The net carrying amount of mortgages at the reporting date is EUR 43 608 054 (2022: EUR 36 470 928).

Notes to the financial statements

20. Other loans

	31.12.2024	31.12.2023
Long term:		
Interest-free, unsecured loan from the shareholders	5 055 500	5 755 516
TOTAL other long-term loans:	5 055 500	5 755 516
Short-term:		
Interest-free, unsecured loan from the shareholders	700 008	700 000
Loan from a related party	3 000 000	2 500 000
TOTAL other short-term loans:	3 700 008	3 200 000
TOTAL other loans:	8 755 508	8 955 516

21. Other liabilities

	31.12.2024	31.12.2023
Remuneration	824 759	736 974
Other liabilities	37 662	5 549
TOTAL:	862 421	742 523

22. Accrued liabilities

	31.12.2024	31.12.2024
Accrued expenses of unused vacations	750 786	618 618
Other accrued liabilities for operating expenses	1 873 707	1 901 173
TOTAL:	2 624 493	2 519 791

23. Taxes and compulsory state social security contributions

	31.12.2024	31.12.2023
Social security contributions	390 353	338 222
Personal Income Tax	175 484	147 890
Excise tax	5 717 481	4 959 202
Corporate Income Tax	31 938	36 656
Value Added Tax	2 075 537	1 422 607
Natural Resources Tax	657	578
Real estate tax	(3 506)	536
Company Car Tax	2 399	83
TOTAL:	8 390 343	6 905 774
TOTAL LIABILITIES:	8 393 849	6 905 774
TOTAL RECEIVABLES:	(3 506)	-

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

Notes to the financial statements

24. Personnel costs and number of staff

	2024	2023
Remuneration	14 361 625	12 181 628
Social security contributions	3 381 889	2 868 412
Other personnel expenses	150 760	93 609
TOTAL:	17 894 274	15 143 649

Including remuneration to key management

	2024	2023
Members of the Board and Council		
Remuneration	738 331	604 282
Social security contributions	173 235	142 231
TOTAL:	911 566	746 513

The average number of staff in the reporting year:

	2024	2023
Members of the Council	6	6
Members of the Board	3	3
Other staff	831	715
TOTAL:	840	724

25. Finance lease liabilities

	Maturity	Non-current portion	Short-term part	Total
Latvian commercial bank	25.11.2027	62 298	50 907	113 205
Total 31.12.2024		62 298	50 907	113 205
Total 31.12.2023		113 135	55 501	168 636

Amounts payable under finance leases are paid at a floating rate of 3M EURIBOR. The interest rates correspond to market rates.

26. Financial commitments, guarantees or other contingencies

(a) Operating lease liabilities

The Company as a lessee has signed a number of property rent agreements. Total actual annual lease expenses in 2024 amounted to EUR 682 559 (2023: EUR 2 182 331). At the reporting date, the total estimated minimum lease payments under irrevocable operating lease contracts were:

	31.12.2024	31.12.2023
In less than one year	850 722	526 146
In 1 – 5 years	2 787 826	1 582 136
In more than 5 years	1 532 410	1 317 402
TOTAL:	5 170 958	3 425 684

Notes to the financial statements

(b) Legal requirements

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. Any recoveries obtained from litigation are recognised as revenue as received.

During 2024, the AS Virši-A issued two guarantees in favour of its associate Livland Biomethane SIA. The first is a performance guarantee of EUR 1 000 000, while the second is a back-up guarantee providing for investments or loans during the construction process of Livland Biomethane SIA in connection with financing raised of up to approximately EUR 12 million.

In 2024, UAB Virši Lietuva, a subsidiary of AS Virši-A, was established and the first petrol station in Lithuania was opened in August 2024. Virši-A has provided unlimited performance guarantees to UAB Virši Lietuva's suppliers.

In 2024 and earlier, Virši-A guarantees the fulfilment of the lease obligations of its subsidiary Virši Logistika SIA to SEB Ižings SIA in the amount of EUR 900 000.

In 2024 and previously, Virši-A AS has provided guarantees for the subsidiary SIA Virši Renergy in electricity procurement and price fixing transactions for a total contingent liability of up to EUR 10 650 000. As at the reporting date there are no other significant financial commitments, guarantees or other contingencies, except those referred to above.

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	Amount of transaction	
		2024	2023
Subsidiaries	Loans issued	650 000	1 653 000
Subsidiaries	Repayment of loans	-	(104 872)
Subsidiaries, result of merger	Repayment of loans	-	(5 701 661)
Subsidiaries	Other costs related to lease of real estate property	(4 972)	(5 001)
Subsidiaries	Purchase of electricity	(1 375 896)	(1 021 950)
Subsidiaries	Lease of real estate	(529)	(1 827 881)
Subsidiaries	Income from goods sold	709 335	561 999
Subsidiaries	Fuel supply services	(2 559 449)	(2 335 019)
Subsidiaries	Income from management services	531 907	14 240
Subsidiaries	Disposal of tangible assets	116 073	-
Subsidiaries	Intermediary services for fuel	(455 115)	-
Subsidiaries	Interest income	17 380	206 983
Subsidiaries	Interest expenses	(126 274)	(22 865)
Associated companies	Lease of real estate	(116 221)	3 018
Associated companies	Loans issued	190 000	500 000
Associated companies	Repayment of loans	(126 000)	(25 600)
Associated companies	Income from goods sold	56 088	-
Associated companies	Income from services (other)	8 821	-
Associated companies	Interest income	79 527	45 615
Shareholder of the company	Repayment of loans	(700 008)	(700 008)

28. Profit distribution

Management proposes a dividend distribution of EUR 934 099 (2022: EUR 1 019 761) of net profit; the dividend to be paid to shareholders is EUR 747 279 (2022: EUR 815 809) or EUR 0.04934325 (2022: EUR 0.05392188) per share, and EUR 186 820 to be paid as corporate income tax. The remaining profit for 2024 to be transferred to retained earnings for the further development of the Company.

Notes to the financial statements

29. Subsequent events

On 12 February 2025, AS Virši-A extended the repayment schedule for the loan to AS SEB banka recognised as a current liability on the balance sheet as at 31 December 2024; the signed repayment schedule provides for the repayment of the loan by March 2028.

As part of the Company's strategic development, on 4 April 2025, the Company signed a loan agreement with SEB banka AS for an amount of EUR 5 million with an interest rate of 1.2% + 6 month EURIBOR and the maturity date in April 2030. The loan was raised to further develop the service station network, develop the charging infrastructure, strengthen the diversification of the business model and invest in the development of digital systems.

On 2 April 2025, the Company contributed EUR 1 356 384 to Livland Biomethane SIA, increasing its shareholding in the company from 20% to 49%. In the first quarter of 2025, the Company also issued a convertible loan of EUR 143 146 and a loan of EUR 1 000 000 maturing in April 2029. The investment was made and the loans were issued by AS Virši-A for the construction of a biomethane plant. The construction of the biomethane plant is planned for 2025.

No other 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.

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

Riga, 23 April 2025

Jānis Vība
Chairman of the Board

Linda Prūse
Member of the Board

Vīta Čirjevskā
Member of the Board

Jeļena Laurinaviča
Chief Accountant

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT HAS A TIME-STAMP