

Riga, 27 April 2022

The activities of the Council of *Koksnes plūsmas datu centrs* Ltd. (KpDC) have been implemented in accordance with its decision on the responsibilities of the five members of the Council in the management of the Company: **Claes Anders Rixon** - Chairman of the Council, **Aldis Strankaļs** - Basic Principles of Budget Planning and Control, **Inesis Ārgalis** - Personnel Policy, Motivation and Remuneration Issues, **Mārtiņš Gaigals** - Strategy and Development Planning and Supervision of its Implementation, **Andris Balodis** - Risk Management and Internal Control, Process Audits.

The KpDC Council has taken note of the 2021 Annual Report prepared by the KpDC Executive Board, which consists of a management report, financial statements, an Executive Board proposal on the profit and an independent auditor's report, and the Council supports the approval of the annual report by the general meeting. In addition to the annual report, other information from the Executive Board obtained by the Council in the process of monitoring the work of the Executive Board has been used in the preparation of this report of the Council.

In the opinion of the Council, the operation of KpDC in 2021 can be assessed as in accordance with the goals and tasks of the company's strategy and the company's business plan and budget for 2021 supervised by the Council. During the reporting period, development of secure and convenient ICT services in the interests of customers and the provision of customers with IS development and maintenance services was continued in a timely manner and quality in accordance with common guidelines for the development of timber accounting for timber sellers and buyers and KpDC medium-term strategy (2021-2023):

- KpDC has provided the Service level agreement (SLA) required for customer needs within the defined limits <https://kpdclv/dpis>
- KpDC has maintained the IS *DACE* industry code, various classifiers, address book data, company roles, identities and matrices.
- The number of KpDC customers has been increased to 161.
- The turnover of KpDC has increased by less than 15% compared to 2020.
- KpDC has achieved the following quality in the automated preparation of timber testing reports' results:
 - The planned time for testing report preparation is 3 minutes from the moment of receiving the data. Where data processing is automated. These are all automated measuring devices (AMD) and, as of September 2021, stacked volume measuring data at permanent measuring sites (where data entry takes place in the IS *Kadikis* system). The actual time is 1.2 minutes.
 - Automatically generated testing reports where data processing is automated. These are all AMDs and, as of September 2021, stacked volume measuring data at

permanent measuring sites where data entry takes place in the IS *Kadikis* system: fact 98.3% by target 95%.

- Cancelled testing reports where the reason for cancellation may affect system operation. The target is no more than 0.2% of the total number of automatically generated testing reports. Fact 0.1%.
- KpDC has ensured the following performance in customer IS development and maintenance projects:
 - After the SLA, the average response time should be 19 h and the average execution time should be 94 h
 - The average response time is 13 h 24 m
 - Error, consultation, maintenance 8 h 36 m
 - Change request 26 h 42 m
 - The average execution time is 43 h 34 m
 - Error, consultation, maintenance 29 h 59 m
 - Change request 84 h 49 m
 - Total number of applications created - 1390
 - Applications resolved - 1334
 - Applications pending - 56
 - 73% are resolved without contact with the customer
 - timely responded to 99% according to SLA policy
 - timely concluded 100% according to SLA policy
- As part of the development of the *DACE* data platform, KpDC has developed and offers the following functionality:
 - Reporting module. Possibility for customers to prepare summary reports in different sections.
 - Possibility to receive digital cargo accompanying documents in customer systems, including for the purpose of surveying.
- Within the framework of the KpDC project “*Group measurement automation possibilities*”, which was organised as a cooperation project with *Meža nozares kompetences centrs* Ltd. (project No. 1.2.1.1/18/A/004), a stationary stacked volume and loose cargo measuring device prototype *KpDC Frame* has been developed, which allows one to remotely obtain a scalable 3D cargo model with a WEB application for camera data measurement and data transfer for the automatic preparation of measurement results.

The number of KpDC employees in 2021 was 8.

The operating result of KpDC in 2021 is a profit of € 53820 [profit or loss statement of the annual report, p. 5], which is useful to be included in the retained earnings of previous years.

Based on the KpDC strategy and the main goals set, the KpDC budget and action plan for 2022 were prepared and started to be implemented in order to - in the conditions of high market uncertainty - achieve the plans in the following directions during 2022:

- To certify the company in accordance with the requirements of the *ISO 27001* standard,
- To create functionality that includes the local installation of *StanForD 2010* files

- To make *StanForD 2010* files available to defined recipients
- To start offering a completely reorganised timber measuring data input system service
- To start providing timber measuring data processing *KpDC Frame* service
- To ensure that timber prices are linked to the matrix, enabling this data to be obtained
- To ensure billing and communication without cross-system data communication
- To start developing the functionality of creating a timber transport service bill
- To continue to develop business intelligence solutions
- To develop a plan and offer ICT consulting and project management services
- To increase the number of customers by 20 (compared to 2021)
- To actively participate in the work of the association *LIKTA* and influence changes in the regulatory environment

In order to support and accelerate the introduction of e-document circulation in the industry, the *DACE* platform will be offered free of charge to transport logistics companies by the end of 2022.

On 24 February 2022, Russia invaded Ukraine and a war broke out in Europe. Russia and Belarus have received varying degrees of sanctions from the divided world, and as a result the potential changes of the market and economy make it virtually impossible to forecast anything, especially in regard to the supply of physical parts, although at the moment of approving this report, the Company continues to work with the budget previously prepared for 2022.

During 2021, the KpDC Council has performed its duties in accordance with the laws and regulations, reviewed the financial statements and supervised the work of the Executive Board. In 2021, five Council meetings took place. The meetings focused on the KpDC strategy, budget and business plan, their implementation and other reports from the Executive Board. Taking all of the above into account, the activities of the KpDC Executive Board in 2021 are to be assessed positively.

Koksnes plūsmas datu centrs Ltd., Members of the Council:

Claes Anders Rixon

Aldis Strankaļs

Andris Balodis

Inesis Ārgalis

Mārtiņš Gaigals