

Riga, April 18th, 2024

The activities of the Council of SIA "Koksnes plūsmas datu centrs" (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 reviewed the 2023 Annual Report prepared by the KpDC Board, which consists of a management report, financial statements, a Board proposal on profits and an independent auditor's report, and the Council supports the approval of the Annual Report at the shareholder's meeting. In the preparation of this report of the Council, in addition to the Annual Report, other information from the Board, which the Council has obtained in the process of monitoring the work of the Board, has been used.

In the opinion of the Council, the operation of KpDC in 2023 can be evaluated as corresponding to the goals and tasks of the Company's strategy, the Company's operational plan and budget for 2023 monitored by the Council. During the reporting period, the development of safe and convenient ICT services has been continued in the interests of customers and the provision of information system development and maintenance services to customers in due time and quality in accordance with the common guidelines for the development of timber accounting for timber sellers and buyers and the medium-term strategy of KpDC:

- KpDC has provided the necessary customer needs within the limits defined by the SLA - <https://kpsc.lv/dpis>
 - Actual prevention time

A (Emergency - system unavailability) - max. 0.7 h (SLA - 8h)

B (Error that cannot be bypassed during system operation) - max. 0.2 h (SLA - 96h)

- Unavailability of network infrastructure - 0.0 h (SLA – 1 h)
- KpDC has ensured the maintenance of IS *DACE* industry codes, various classifiers, address register data, company roles, identities and matrices.
- The number of KpDC clients, compared to 2022, has been increased by +13, up to 198 clients.
- The turnover of KpDC has been increased by +3% compared to 2022.
- KpDC has achieved the following quality in automated preparation of timber measurement results:
 - The planned time for preparation of testing reports, from the receipt of measurement data in a centralized database, is 3 minutes, where data processing is automated. The actual time is 3.0 minutes.
 - Automatically prepared test reports where data processing is automated. Goal 95%, fact 97%
 - Canceled testing reports, the reason for which the cancellation may be affected by system operation. The target is no more than 0.20% of the total number of automatically generated testing reports. Fact 0.01%.
- KpDC has ensured the following execution in projects of development and maintenance of customer information systems:

According to the SLA, the average response time for change requests must be 16h and the execution time is as agreed.

According to the SLA, the average response time for error and consultation should be 13h and the average execution time should be 48h.

- Average response time, error, consultation, maintenance 13h SLA
 - fact 2h59m
 - Average response time, change request 16h SLA
 - fact 10h29m
 - Average execution time, error, consultation, maintenance 48h SLA
 - fact 11h43m
 - Average execution time, change request by agreement
 - fact 94h07m
 - Total applications created - 1589
 - Resolved applications – 1572
 - Applications that were not dealt with - 74
 - 75% are resolved without contacting the customer
 - 97% responded within SLA policy
 - 100% concluded according to SLA during the policy
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- KpDC is certified according to the requirements of the ISO 27001 standard.
 - With the help of machine vision algorithms, to develop an automatic stack volume detection functionality based on 3D scaled timber model data and to implement this functionality in the existing *KPDC FRAME* solution, increasing the efficiency of camera processing of measurement data and reducing human, subjective errors and inaccuracies, in cooperation with *Forest Industry Competence Center* has started implementing the study "*Automation of Timber Volume Geometry Determination*" of the European Union Recovery Fund Investment Project "Forest Industry Competence Center" No. 5.1.1.2.i.0/1/22/A/CFLA/007. The authorization of the *KPDC FRAME* prototype from the Swedish company *Biometria* in 2023 was not yet carried out, and timber measurement services were not yet provided with this device.
 - Within the framework of the memorandum of the *Latvian Timber Industry Federation* with *JSC Latvijas valsts meži* in 2023, a pilot project was implemented under the leadership of KpDC with the aim of practically testing the use of e-waybills and the electronic exchange of document chains between systems, within the framework of various business models, involving 10 companies representing sellers, buyers and logistics/transport service providers. As a result, by the end of 2023, the assurance was obtained that the data exchange platform of the forest industry is ready to receive and send this information to the defined addressees. It remains to create a technical connection, conclude a mutual agreement, as well as mutually agree between the seller, the buyer and the transport service providers. The results of the pilot project were presented to a wide forest sector audience on 30th November 2023. : <https://kpsc.lv/e-pavadzimes-seminars-30-11-2023> .
 - In order to support and speed up the introduction of e-document circulation in companies of the forest sector, in 2023 the *DACE* platform has offered to transport logistics companies free of charge.
 - KpDC has developed and offers new business intelligence reporting module functionality.
 - Functionality including local installations of StanForD2010 files and their availability to defined recipients was not created.
 - In 2023 KpDC has developed a functionality for attaching timber prices to the matrix.

The number of KpDC employees in 2023 was 9, which is +1 compared to 2022.

The result of the economic activity of KpDC in 2023 is a profit of €45026 [annual statement of profit or loss, page 5], which should be included in the retained earnings of the previous year.

Based on KpDC's strategy and set main goals, KpDC's 2024 budget and operational plan were prepared and started to be implemented in order to implement the plans in the following directions during 2024 - in conditions of high market uncertainty:

- Maintain the company's certification in accordance with the requirements of the ISO 27001 standard and perform recertification to the new version of the standard - ISO/IEC 27001:2022.;
- Successfully implement tests according to the OWASP (*Open Web Application Security Project*) standard;
- Develop e-waybill circulation supplements according to the results of the 2023 pilot project;
- Create functionality that includes local installations of StanForD 2010 files and make StanForD 2010 files available to defined recipients;
- Start providing timber measurement data processing *KpDC Frame* service;
- Ensure invoicing and communication without cross-system data communication;
- Start developing the functionality of creating an invoice for the timber transport service;
- Continue to develop business intelligence (reporting) solutions;
- Increase the number of customers by 20 compared to 2023;
- Actively participate in the work of the *LIKTA association* and influence changes in the regulations.

In 2024 high risks will remain due to the spread and damage of the spruce bark beetle. To prevent the threat of disaster with the *State Forest Service* 09.01.24. Order No. 1. in Latvia, a situation of mass reproduction of the spruce bark beetle in the forest has been announced from the entry into force of this order until December 31, 2024.

During 2023, the KpDC Council has fulfilled its duties in accordance with the regulatory enactments, reviewed financial reports and supervised the work of the Board. Five council meetings were held in 2023. Questions about KpDC's strategy, budget and economic activity plan, their implementation and other reports of the Board were considered at the meetings. Taking into account all of the above as a whole, the activity of the KpDC Board in 2023 can be evaluated positively.

Council members of "Koksnes plūsmas datu centrs" Ltd.:

Claes Anders Rixon

Aldis Strankaļs

Andris Balodis

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