

Riga, April 17th, 2025

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 2024 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 2024 can be evaluated as corresponding to the goals and tasks of the Company's strategy, the Company's operational plan and budget for 2024 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://kpdclv/dpis>
 - Actual prevention time

A (Emergency - system unavailability) - max. 0.2 h (SLA - 8h)

B (Error that cannot be bypassed during system operation) - max. 0.3 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 2023, has been increased by +29, up to 227 clients.
- The turnover of KpDC has been increased by +14% compared to 2023.
- 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 from 54 sec to 2 min 16 sec.
 - Automatically prepared test reports where data processing is automated. Goal 95%, fact 95%
 - Canceled testing reports, the reason for which the cancellation may be affected by system operation. The target is no more than 0.2 % of the total number of automatically generated testing reports. Fact: only one case.

- 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.

 Fact average is: response time 2h07m and execution time 10h39m.
- In 2024 data backup was ensured in two European level data centers and the transition to the AWS cloud computing platform began, which is expected to be completed in 2025.
- KpDC is re-certified according to the requirements of the *ISO 27001:2022* standard.
- In order to develop an automatic stack size determination functionality based on 3D scaled timber carrier model data using machine vision algorithms and implement this functionality in the existing *KPDC FRAME* solution, increasing the efficiency of room-processing of measurement data and reducing human, subjective errors and inaccuracies, in cooperation with “*Forest Industry Competence Centre*” Ltd. the research “*Automation of timber volume geometry determination*” has been launched within the framework of the *European Union Recovery Fund* investment project “*Forest Industry Competence Centre*” 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 2024 has not yet been carried out. With this device, it has been possible to start providing an automated service for wood chip measurement in the amount of 52 thousand m3
- To support the transfer of good practices and discussions on unclear issues in the implementation of e-waybill circulation, six forest sector *Workshops* were organized in 2024 <https://kpdclv/e-pavadzimes-darbnica>
- To support and accelerate the implementation of e-document circulation in industry companies, the *DACE* platform continued to be offered free of charge to transport logistics companies until October 2024.
- To support and speed up the introduction of e-document circulation in companies of the forest sector, in 2023 the *DACE* platform has been offered to transport logistics companies free of charge.
- KpDC's revenue from new business intelligence reporting module functionality services increased by 92% compared to the previous year.
- Functionality that includes local installations of *StanForD 2010* files and their availability to defined recipients was not created, however, in cooperation with “*Latvijas kokmateriālu uzurīšanas un uzskaites vadība*” Ltd. and “*VMF LATVIA*” Ltd., a project “*Implementation of the Deforestation Regulation and StanForD2010 forest machine standard for more efficient, climate-neutral and more fair forestry in Latvia*” was prepared and approved by responsible state agency with European Union co-financing, the implementation of which is planned for 3 years 2025-2027.
- In addition to the functionality developed in 2023 for linking timber prices to the matrix, a new service “*Invoice information*” was prepared in the reporting year.

The number of KpDC employees in 2024 was unchanged, i.e. 9.

The result of the economic activity of KpDC in 2024 is a profit of € 55 315 [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 2025 budget and operational plan were prepared and started to be implemented in order to implement the plans in the following directions during 2025 - in conditions of high market uncertainty:

- Maintain the company's certification in accordance with the requirements of the *ISO/IEC 27001:2022* and prepare for certification also for *ISO/IEC 27017:2015*;
- Successfully implement tests according to the *OWASP (Open Web Application Security Project)* standard;
- Ensure the circulation of e-waybills, taking into account the significant (around +30%) increase in document flow at the end of 2024
- 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 the creation of an e-billing service (for invoices prepared in the *DACE* system) and communication without inter-system data communication, taking into account the regulatory environment requirements for all merchants to submit e-invoices to the State Revenue Service by 2026;
- taking into account the planned and postponed implementation time in 2024 support industry companies with services for fulfilling the requirements of the EU Deforestation Regulation by 2026;
- Increase the number of customers by +20 compared to 2024;
- Actively participate in the work of the *LIKTA association* and influence changes in the regulations.

During 2024, the KpDC Council has fulfilled its duties in accordance with the regulatory enactments, reviewed financial reports and supervised the work of the Board. Four Council meetings were held in 2024. 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 2024 can be evaluated positively.

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

Claes Anders Rixon

Aldis Strankaļs

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