



VIRŠI 2022 unaudited financial results

03.03.23



PRESENTERS



JĀNIS VĪBA
Chairman of the Board,
CEO



VITA ČIRJEVSKA
Board Member,
Chief Financial Officer



ENERGY COMMODITIES TRADER AND CONVENIENCE STORE NETWORK



STORE



FUEL



ENERGY



GRADUAL “NORMALISATION” IN ENERGY

Fuel

Diesel price EUR / litre



- Migration away from Russian oil reduces oil supply in the market
- More complex supply chains for oil products are adding to the pressure on prices
- Global economic challenges reduce demand for oil products

Natural gas

Natural gas price EUR / MWh



- The Russian invasion of Ukraine has led to significant price volatility
- A relatively warm winter in 2022 and slower economic growth in Asia have reduced demand and pressure on prices
- An LNG terminal in Finland has become operational, reducing supply risks for the Baltic region

Electricity

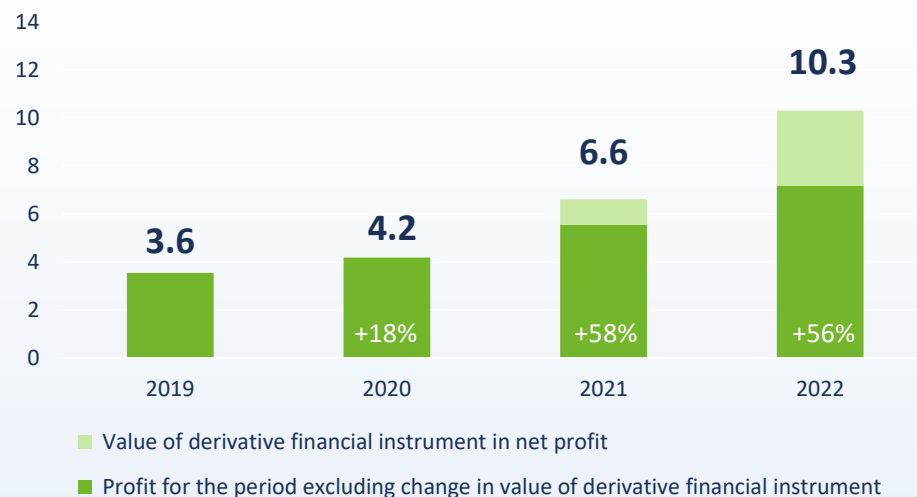
Electricity price EUR / MWh



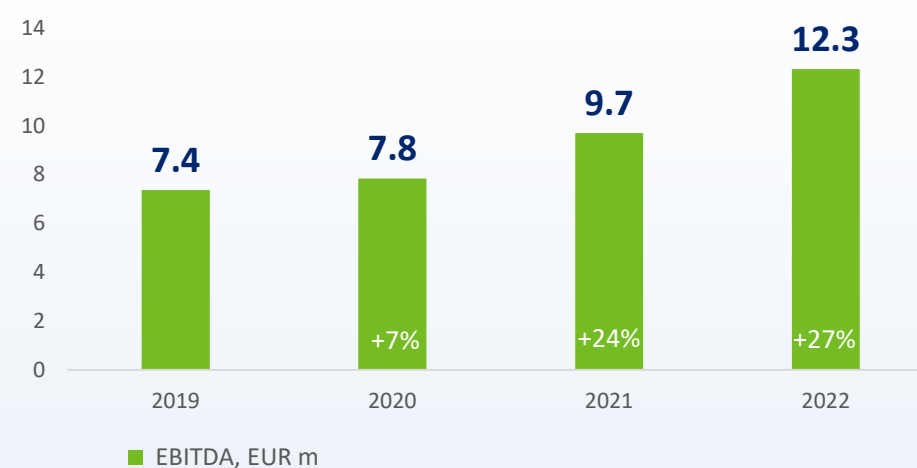
- Electricity prices are highly correlated with natural gas costs
- Price “normalisation” in recent months due to a warm winter and falling natural gas prices
- There is still a lack of cost-effective renewable energy source (RES) capacity in the Latvian market

KEY FINANCIAL INDICATORS

Net profit for the period, EUR m



Consolidated EBITDA, EUR m



	2022	2021	2020	2019
Turnover, EUR m	375.1	220.9	171.4	187.0
EBITDA margin, %	3.3	4.4	4.6	3.9
ROE, %	17.7	15.3	12.1	11.9
Adjusted ROE*, %	12.3	12.8	12.1	11.9
Equity / Assets, %	50.0	49.3	50.3	45.2
Net debt / EBITDA**	0.9	1.3	1.2	1.2

* Adjustment for derivative financial instrument; EUR 3.1 m financial income recognised in 2022 (2021: EUR 1.1 m)

** Excluding shareholder loans

2022 HIGHLIGHTS OF THE YEAR

Adaptation to the new **geopolitical** reality

Solid financial **results** / growing **market shares**

5 new fuel stations

Launch of the **electricity charging** network project

Electricity business segment rapid development

Sustainability:

- Solar panels for fuel station network
- Energy efficiency measures
- Biomethane project development

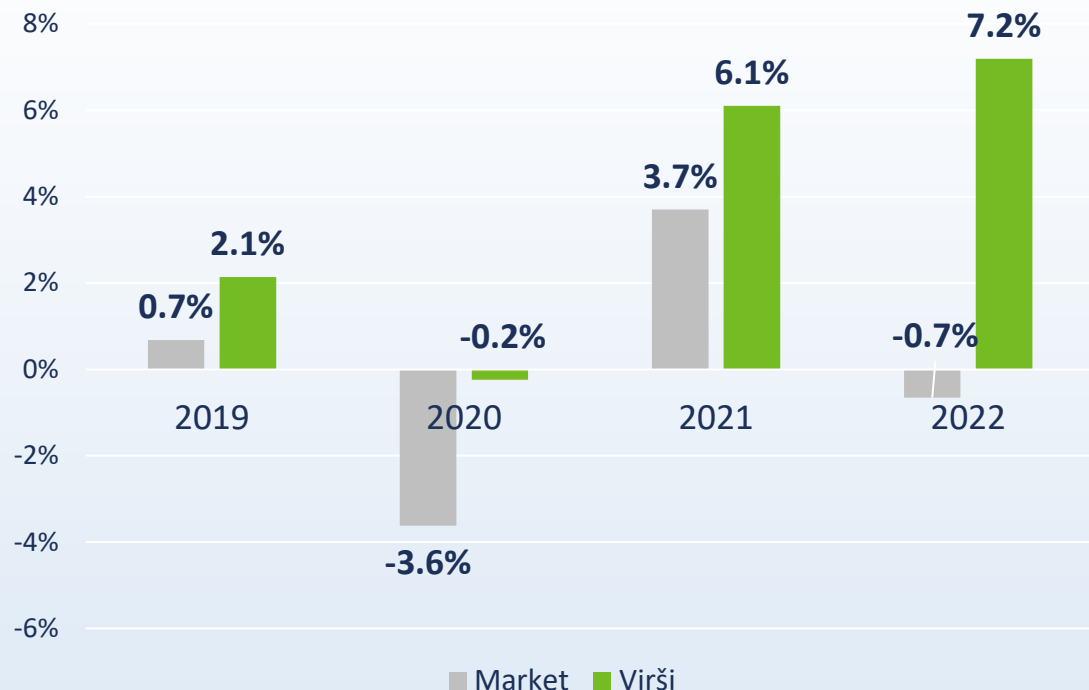


FUEL



FUEL

Increase in retail fuel sales



* State Revenue Service statistics on fuel movements and the Group's accounting data



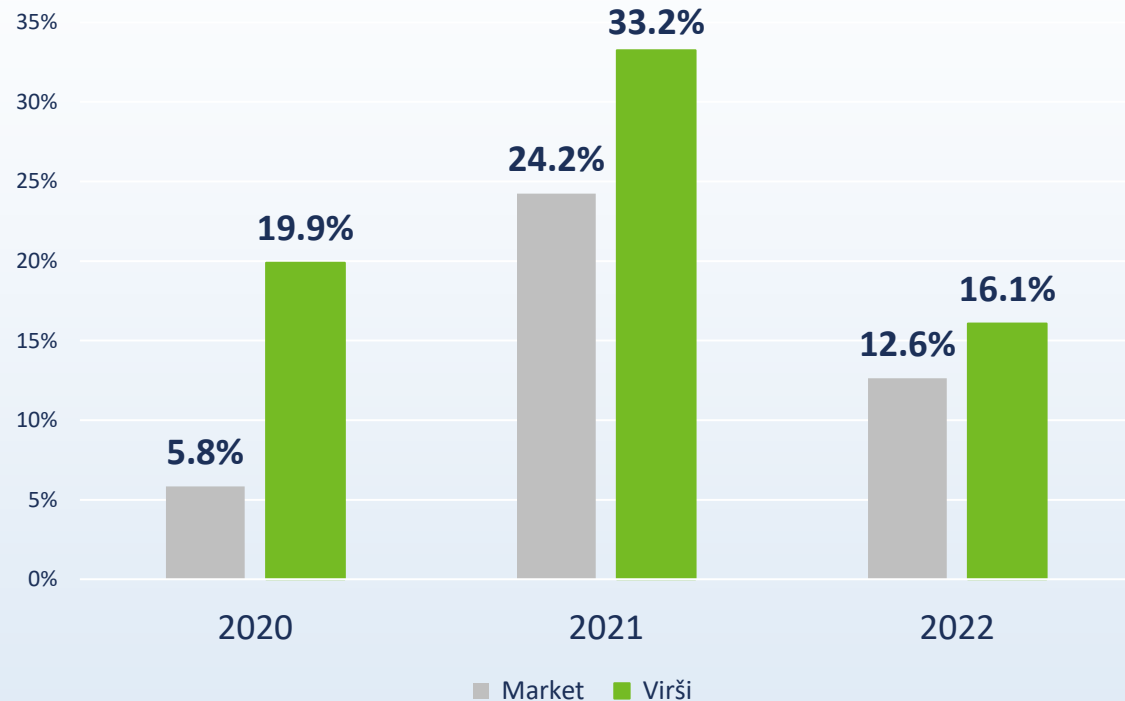
- **Geopolitical events** caused significant fluctuations in fuel product prices
- Supply chains are getting longer and more expensive, but delivery related **risks** to the Baltic region supply are **minimal**
- Legislative changes: waiver of the **mandatory biocomponent** in fuel starting from 1 July
- **Decrease in retail fuel sales** in Latvia by **-0.7%** (Virši network **+7.2%**)*
- **Increased competition** in the sector
- Demand for **alternative fuels** continues to grow (CNG volumes in the Virši network **+45.8%**)
- **Market share of electric vehicles** increases and reaches **0.5%** of the total market

STORE



STORE

Increase in in-store sales



- The year started with an **expanded network of modern stores** and a wider range of products and hopes for the **lifting of pandemic restrictions**
- There were many challenges during the year due to **rising procurement and input prices and supply planning**, but the Virši team found solutions while **maintaining high product quality and variety**
- Significant labour challenges in the market in 2022, especially in the fuel station network – **increasing competition and labour costs**. Virši starts 2023 with **competitive salaries and a strong, motivated team**

*NielsenIQ audited Modern convenience shopping and Petrol station chains:
Virši, Circle-K, Viada, Narvesen DUS, Kool, Astarte Nafta, Latvijas Nafta

ENERGY



ENERGY

Volume of electricity purchased and sold



- June marked the **first year** as an electricity commodities trader
- Serving **B2B customers** with more than 250 connection points throughout Latvia
- Cooperation with 40 of Latvia's independent **electricity producers** (water, solar, biomass, biogas plants)
- Significant **growth** in the volume of energy purchased and sold
- **Successful work in the electricity wholesale market**, providing the Group with electricity costs significantly below market prices

FINANCIAL RESULTS / P&L STATEMENTS

	2022 EUR k	2021 EUR k	2020 EUR k
Net profit for the reporting year	10 311	6 616	4 187
EBITDA	12 320	9 694	7 841
<i>Profit calculation:</i>			
Net turnover	375 110	220 882	171 431
Fuel	82%	84%	83%
Store	10%	15%	15%
Energy	7%	0.1%	0%
Gross profit	32 771	25 862	21 705
Gross margin	8.7%	11.7%	12.7%
Selling and administration expenses	(25 020)	(19 607)	(16 418)
incl. labour expenses	(13 417)	(10 464)	(8 865)
Financial income and expenses	2 682	569	(485)
Corporate income tax	(272)	(19)	(2)
Provisional dividend per share after taxes	0.11	0.07	-

- **Net profit up by 56% or EUR 3.7 m**, turnover up by 70% – both Virši growth and fuel price increases in the market
- **Gross margin** – 8.7% (2021: 11.7%) – The most significant decrease due to **fuel price increases**, but also grocery cost increases impacted **store product strategy**
- The Company **continues to pursue a thorough cost planning policy** and adapts quickly to new market situations, both by adjusting sales channels and by monitoring costs
- **EBITDA up by 27% or EUR 2.6 m**: the strongest growth in recent years, driven by network expansion, product portfolio diversification and cost planning
- **Derivative financial instrument** recognised in **financial income** – electricity purchase and price fixing primarily for 2023-2027. Net increase in value for the period of EUR 3.1 m

FINANCIAL RESULTS / ASSETS

	31.12.2022 EUR k	31.12.2021 EUR k	31.12.2020 EUR k
ASSETS	133 166	101 414	72 826
<i>Non-current assets</i>	<i>87 872</i>	<i>69 855</i>	<i>54 423</i>
<i>Current assets</i>	<i>45 294</i>	<i>31 560</i>	<i>18 403</i>
Property and equipment and intangible assets	74 595	61 900	51 746
Right-of-use assets	2 617	2 615	2 316
Investments and loans	3 080	1 838	360
Financial instrument	10 157	3 535	-
Value of financial instrument on balance sheet, net	4 202	1 061	-
Working capital			
Inventories	9 310	11 799	5 442
Trade receivables and others	23 632	13 361	9 284
Cash	12 352	6 399	3 677
Number of service stations	70	65	63
Number of employees	740	640	560

- **Equity investments and investments** in associates **amount to EUR 12.1 m** – Expansion of the **fuel station network** including the expansion of the CNG sales network
- In 2022 and beyond, the Group is devoting significant resources to the **strategic development of IT**
- Main **source of funding**: EUR 7 m loan from **SEB bank**, **operating cash flow**, **IPO** capital raised. Since September 2022 the Group has also attracted support from the **European Union's Alternative Fuels Infrastructure Facility (AFIF)**
- **Working capital planning** has been a key focus of operational planning in 2022. The Group was affected by both physical and monetary factors – fluctuations in input prices, supply volume and logistics planning, and **regulatory uncertainty**
- **The net value of the derivative financial instruments** at year-end amounted to EUR 4.2 m (2021: EUR 1.1 m)

FINANCIAL RESULTS / LIABILITIES

	31.12.2022	31.12.2021	31.12.2020
	EUR k	EUR k	EUR k
EQUITY	66 582	50 013	36 621
LIABILITIES	66 584	51 401	36 205
<i>Non-current liabilities</i>	<i>31 001</i>	<i>25 572</i>	<i>17 855</i>
<i>Current liabilities</i>	<i>35 583</i>	<i>25 829</i>	<i>18 350</i>
Loans from credit institutions	21 409	16 842	10 977
Other loans	6 191	6 783	7 625
Lease liabilities	2 261	2 352	2 137
Financial instrument	5 955	2 474	-
Trade and other accounts payable	19 542	16 767	9 594
Other	11 227	6 183	5 873
Liquidity ratio	1.3	1.2	1.0

- Since 11 November 2021, Virši shares have been listed on the stock exchange. **During the IPO, the Company raised net EUR 7.3 million** for further development
- At year-end 2022, **the Company's assets were revalued at market value**, increasing the revaluation reserve by **EUR 6.8 m**
- Management will propose to distribute the profit for the reporting year in **dividends** in line with the **policy of 20% of the Group's net profit**. The shareholder's resolution is in May, payout - June
- **Liquidity ratios** are stable – CA/CL – **1.3** (2021: 1.2)
- **Earnings per share** in the period reached 0.68 EUR (0.44 EUR in the comparable period of 2021)

STRATEGIC OBJECTIVES

2020

2022

2024

EBITDA	EUR 7.8 M	EUR 12.5 M	EUR 15.4 M
Gross profit	EUR 4.2 M	EUR 10.3 M	EUR 9.0 M
Number of filling stations	63	70	> 80
#1 in alternative fuels	CNG / E	CNG / E	CNG / CBG / LNG / E
Gross profit of non-fuel segments	41%	44%	> 50%
Business diversification	FUEL / STORE	FUEL / STORE / ENERGY	FUEL / STORE / ENERGY
Employer	TOP 100	TOP 100	TOP 10

ANNEX

- **Turnover** – net turnover in the reporting period
- **Net profitability** – the Group's net profit for the year divided by net turnover
- **EBITDA** – the Group's earnings before financial income and expenses, depreciation and amortisation and corporate income tax
- **EBITDA margin** – EBITDA for the period divided by net turnover
- **ROE** – net profit for the period divided by the average equity for the year
- **Adjusted ROE** – net profit for the period, excluding financial income on derivative financial instrument, divided by the average equity for the year
- **Equity/Assets** – equity at the end of the reporting period divided by total assets at the end of the reporting period
- **Net debt** – loans from credit institutions, lease liabilities minus cash and cash equivalents at the end of the reporting period
- **Provisional dividend per share after taxes** – 20% of net profit divided by the number of shares at the end of the reporting period less provisional corporate income tax
- **Gross margin** – gross profit for the reporting period divided by net turnover for the reporting period
- **Earnings per share** – net profit divided by the number of the shares at the end of the reporting period
- **Liquidity ratio** – current assets divided by current liabilities at the end of the reporting period

