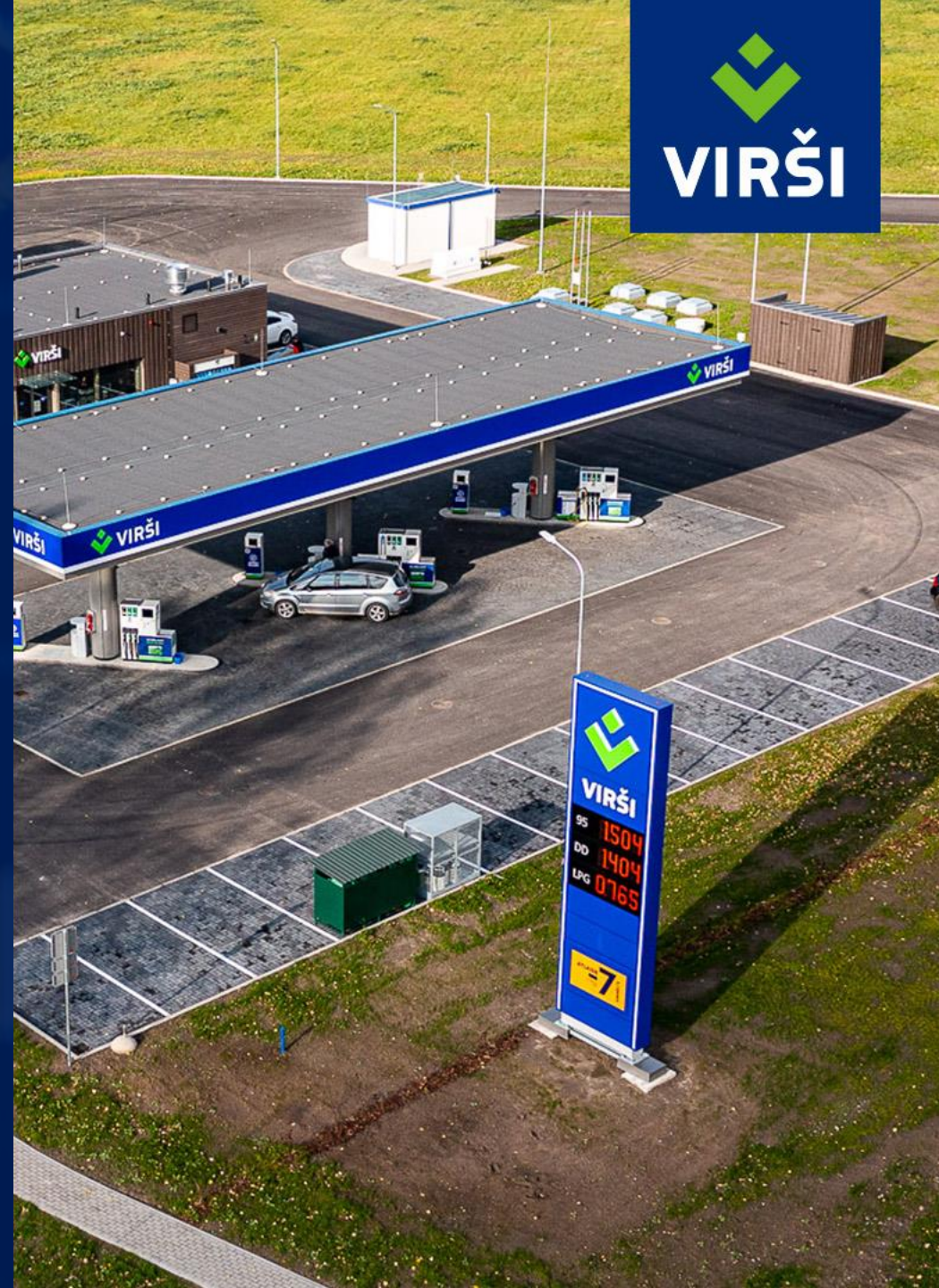


VIRŠI

Unaudited financial results for the 6 month period

2022



SPEAKERS



JĀNIS VĪBA

**Chairman of the Management
Board, CEO**



VITA ČIRJEVSKA

**Member of the Management
Board, CFO**



BUSINESS AREAS



CONVENIENCE STORES



FUEL



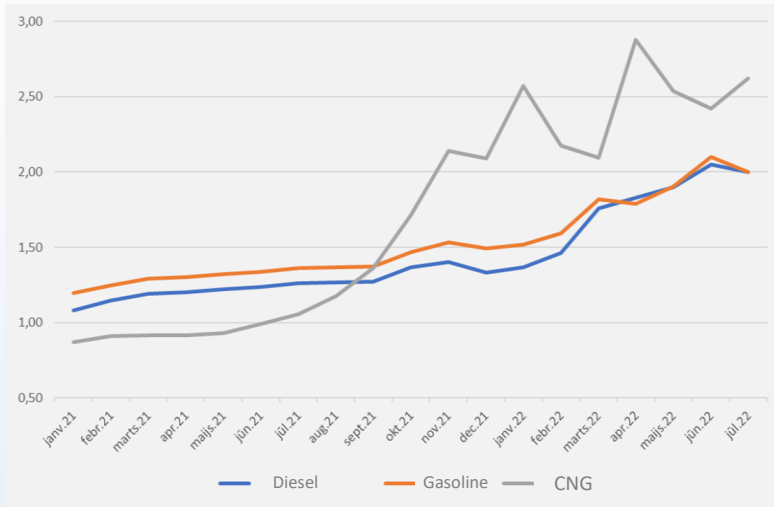
ENERGY



"PERFECT STORM" IN ENERGY SECTOR

Fuel

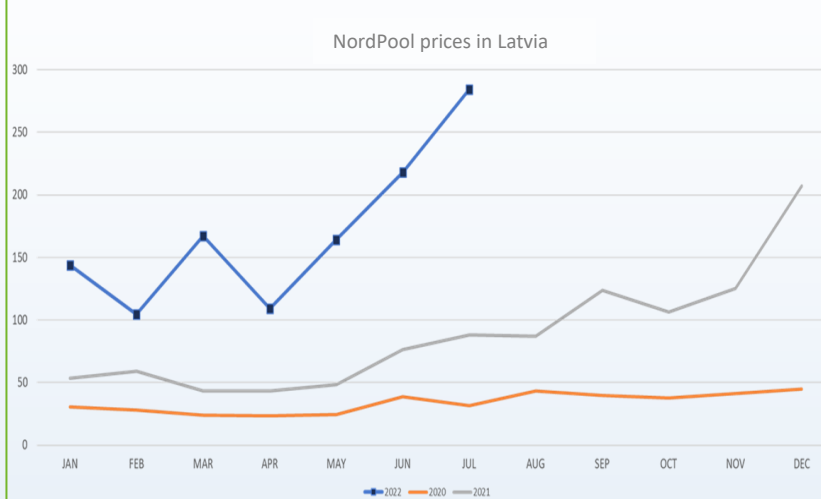
Retail fuel price EUR / litre



- After adjusting to Covid-19, the economy and demand for oil are growing
- Oil production remains limited
- Migration away from Russian oil reduces supply
- A possible recession in the world economy may decrease fuel prices

Electricity

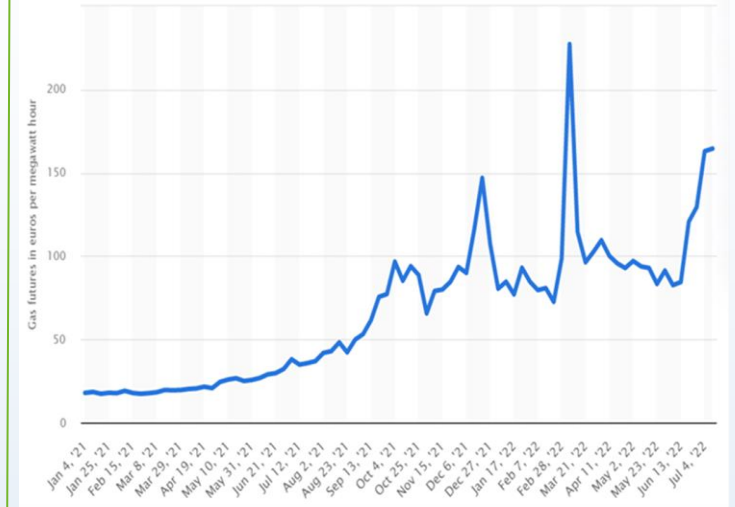
Electricity price EUR / Mwh



- Lack of cost-effective capacities (renewable energy) in the Baltics
- Natural gas cogeneration plants have not been operating since February
- The cost of fossil resources (natural gas and oil) is affected by the high prices of CO2 quotas
- Normalization of prices within 1-2 years

Natural gas

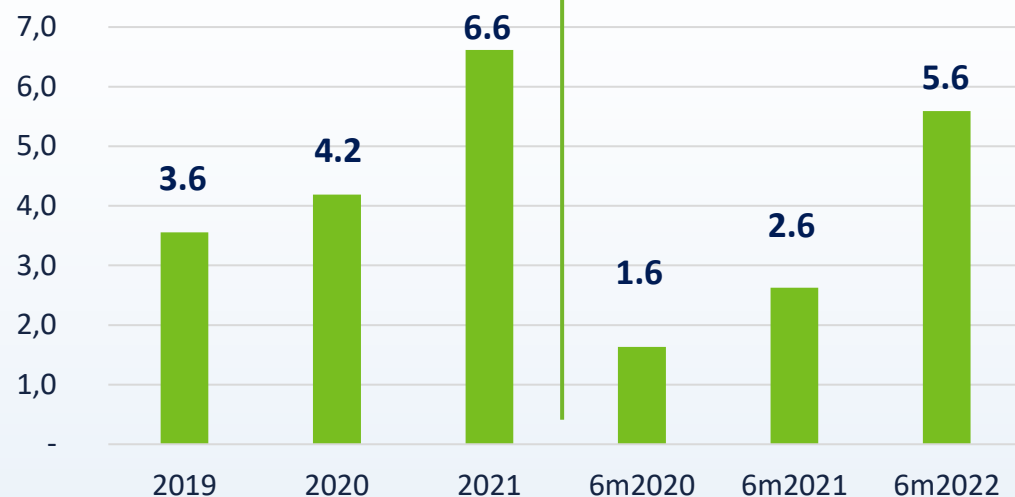
Natural gas price EUR / Mwh



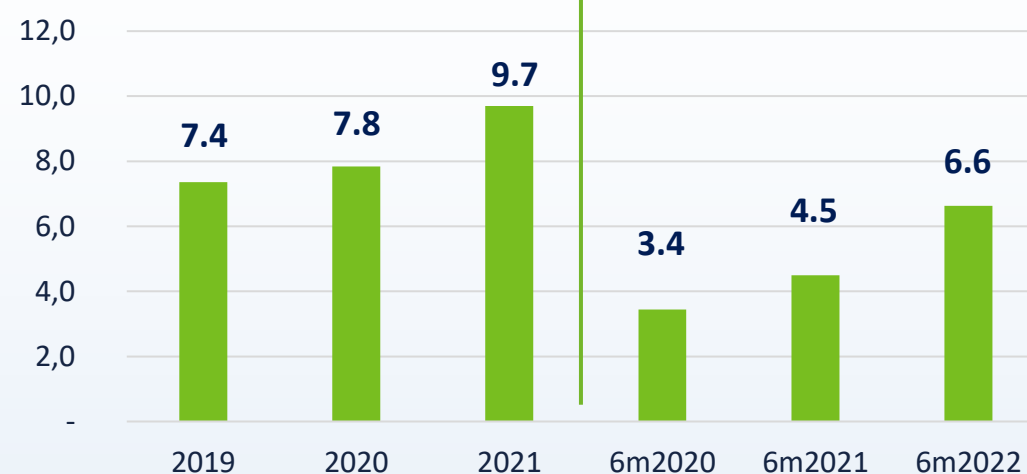
- Cold winter of 2021
- Competition for natural gas product
- Electricity demand
- Efficiency of production & supply chains
- War in Ukraine
- Normalization of prices within 1-2 years

FINANCIAL HIGHLIGHTS

Net profit, m EUR



EBITDA, m EUR



	2022 H1	2021 H1	2021	2020	2019
Total Turnover, EUR m	154.7	96.8	220.9	171.4	187.0
EBITDA margin, %	4.3%	4.6%	4.4%	4.6%	3.9%
ROE, %	10.7%	7.0%	15.3%	12.1%	11.9%
Adjusted ROE*, %	7.7%	7.0%	12.8%	12.1%	11.9%
Equity / Assets, %	42.2%	47.0%	49.3%	50.3%	45.2%
Net debt / EBITDA**	1.6	1.0	1.3	1.2	1.2

* Adjusted excluding net result from financial derivative for electricity (+1.5 m EUR).

** Excluding shareholder loan.

EVENTS IN THE FIRST 6 MONTHS OF 2022

Adaptation to the **new geopolitical** reality

Solid **financial results**

3 new and 3 renovated fuel stations

Acquisition of 20% shares in **AS “Skulte LNG Terminal”**

Rapid development of the **electricity** segment

Sustainability:

- Biomethane production project
- Electricity charging network strategy
- Solar parks development project



FUEL MARKET TRENDS IN THE FIRST HALF OF 2022

Growth in retail fuel sales

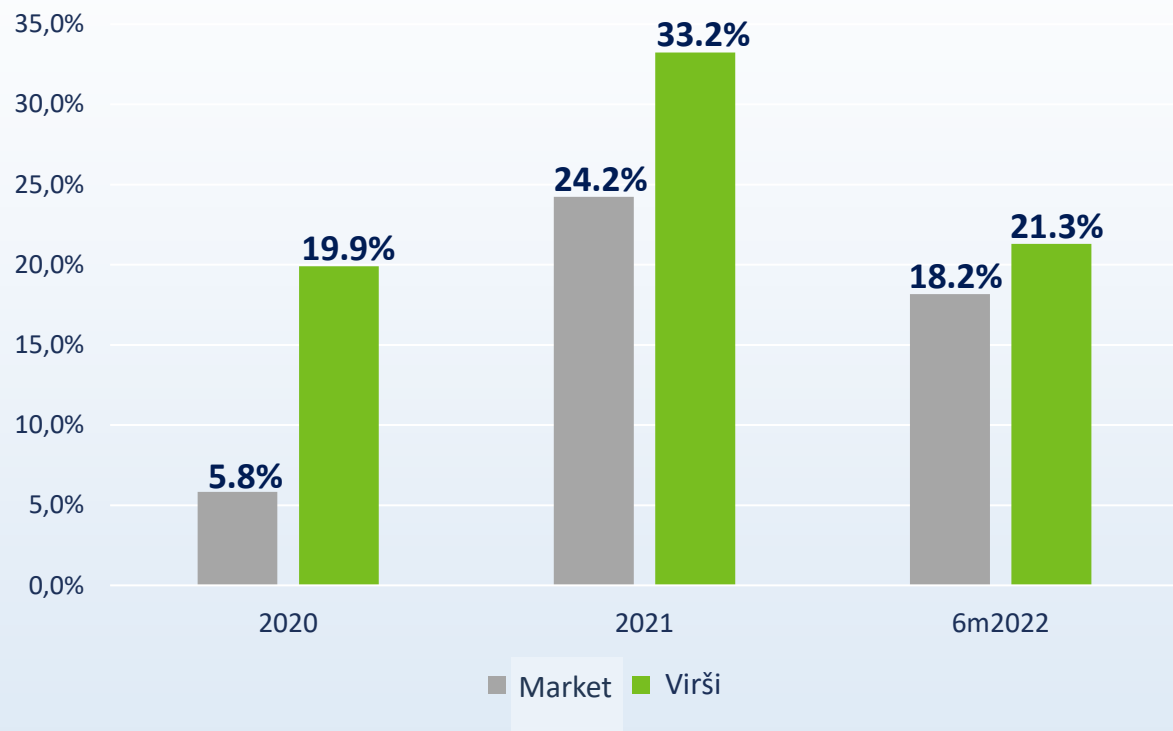


- **Geopolitical events** have created significant pressure on the price of fuel products
- Latvia has the **highest excise duty rate** in the Baltics
- Legislative changes – waiver of the **mandatory biocomponent** in fuel starting from July 1
- **Increase in retail fuel sales** in Latvia by **+2.2%** (Virši network **+8.9%**)
- Demand for **alternative fuels** continues to grow (CNG volumes in the Virši network **+68.6%**)



CONVENIENCE SHOP RETAIL TRENDS IN THE FIRST HALF OF 2022

Growth in convenience store sales



Positive drivers:

- **The new offer of products** that has gained recognition both in the coffee and catering products
- More powerful **fuel station network** – new Virši stores and strategic renovation projects in existing network
- **Post – pandemic activities** with clients and team

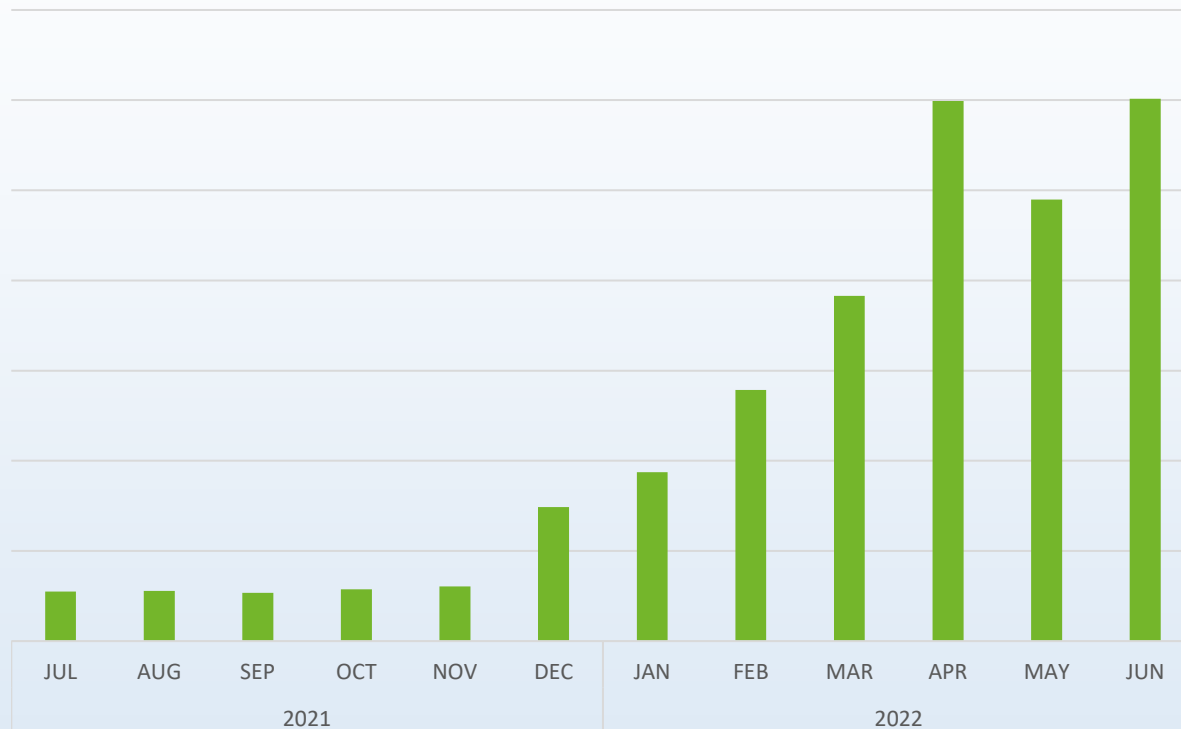
Challenges:

- **Labour market challenges**
- **Inflation and uncertainty** in the long-term resource planning and pricing

According to NielsenIQ Retail Market Research data, the market share of AS "Virši-A" in the turnover of all goods (except fuel) in Latvian Modern convenience stores and gas filling stations* has increased by 5.2% points in recent years. *NielsenIQ audited chains of modern convenience stores and gas stations: AS Virši-A, Circle-K, Viada, Narvesen, Tabakas Nams

ELECTRICITY TRADE TRENDS IN 6 MONTHS OF 2022

Growth in the volume of purchased and sold electricity



- Active work with independent **electricity producers** (water, solar, biomass, biogas plants) located in Latvia.
- On June 1, the **first year** as an electricity trader
- The amount of purchased/sold energy reached **25,000 MWh** in 6 months
- **Successful work in the electricity wholesale market**, providing the Group with electricity costs significantly below market prices
- Around **40 customers (primarily B2B)** are served with more than 300 connection points throughout Latvia



FINANCIAL RESULTS / INCOME

	2022 H1 th. EUR Unaudited	2021 H1 th. EUR Unaudited	2021 th. EUR Audited	2020 th. EUR Unaudited
Net profit	5 589	2 624	6 616	4 187
EBITDA	6 633	4 495	9 694	7 841
Net sales	154 713	96 836	220 882	171 431
Cost of sales	(138 365)	(85 004)	(195 020)	(150 095)
Gross profit	16 348	11 832	25 862	21 336
	10.6%	12.2%	11.7%	12.4%
Selling expenses	(10 530)	(7 993)	(17 480)	(14 146)
Administrative expenses	(1 050)	(1 022)	(2 126)	(1 903)
Other operating expenses	(252)	(58)	(189)	(613)
Results from operating activities	4 517	2 759	6 066	4 674
Financial revenue	1 581	106	1 071	15
Finance expenses	(244)	(241)	(502)	(500)
Profit before tax	5 854	2 624	6 635	4 189
CIT	(265)	-	(19)	(2)

- **Turnover increase** by 60% has been led by 7 new fuel stations that extended Group's network within 12 months and the price increase in fuel products by 53%.
- **Gross margin** for reporting period is 10.6% (2021: 12.2%) that decreased due to **fuel resource availability and pricing** in the first half of the year.
- 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 growth by 47.6% or 2.1m EUR** was led by network expansion, offer planning in Convenience stores and sales of fuel and energy products increasing **gross profit by 4.5m EUR or +38%**.
- **A financial** instrument related to the purchase and price fixing of electricity, primarily for the period from 2023-2027, is recognized in **finance income**. Net value increase for period amounted to 1.5m EUR.

FINANCIAL RESULTS / ASSETS

	30.06.2022	30.06.2021	31.12.2021	31.12.2020
	th. EUR	th. EUR	th. EUR	th. EUR
	Unaudited	Unaudited	Audited	Audited
NON-CURRENT ASSETS				
Intangible assets	192	160	154	143
Property and equipment	65 334	52 886	61 746	51 604
Right-of-use assets	2 699	2 534	2 615	2 316
Investment in associate	1 601	59	1 560	57
Loan to associate	1 445	291	278	303
Derivative	8 244	84	3 501	-
	79 514	56 014	69 855	54 423
CURRENT ASSETS				
Inventories	18 289	6 520	11 799	5 442
Trade receivables	20 057	12 676	12 441	8 867
Due from related parties	1	9	7	41
Derivatives	4 238	17	34	-
Corporate income tax receivable	-	-	-	14
Other receivables	388	507	505	146
Prepaid expenses	273	287	109	111
Accrued income	1 244	146	266	106
Cash and cash equivalents	5 770	6 273	6 399	3 677
	50 262	26 435	31 560	18 403
TOTAL CURRENT ASSETS	129 698	82 449	101 414	72 826

- **CAPEX and investments in associates reached 8.9m EUR** – mainly the expansion of the **fuel station network**, and continuous work on development of **biomethane** and CNG trade and logistics solutions.
- Since 2022, the Group devotes significant resources to **IT strategy** and development.
- Main **source of funding** in reporting period was **7m EUR loan** in **SEB bank**, cash flow from operating activities and **capital raised on the stock exchange in 2021**.
- **Operating activities** in reporting period were related to focused **plan of working capital**. Physical and financial planning were affected by **resource price** fluctuations, **logistics chain planning**, resource **availability** and the uncertainty in **regulations** related to bio component requirements in Latvia.
- **A financial instrument** related to the purchase and price fixing of electricity for the period from 2023-2027 is recognized as **an asset and liability** in the balance sheet. Assets 12.5m EUR, liabilities 9.9m EUR.

FINANCIAL RESULTS / LIABILITIES

	30.06.2022	30.06.2021	31.12.2021	31.12.2020
	th. EUR	th. EUR	th. EUR	th. EUR
	Unaudited	Unaudited	Audited	Audited
TOTAL EQUITY	54 799	38 758	50 013	36 621
Share capital	13 904	6 678	13 937	6 678
Share capital	7 546	6 678	7 546	6 678
Share premium	6 359	-	6 392	-
Reserves	15 431	15 730	15 476	16 508
Retained profits	25 464	16 350	20 600	13 434
Retained earnings brought forward from previous years	19 875	13 726	13 984	9 247
Profit of the reporting period	5 589	2 624	6 616	4 187
LIABILITIES				
Loans from credit institutions	22 709	12 994	16 842	10 977
Other loans	6 494	7 330	6 783	7 625
Asset retirement obligation	643	737	855	789
Derivatives	9 878	-	2 474	-
Lease liabilities	2 351	2 378	2 352	2 137
Trade and other payables	24 092	14 451	16 767	9 594
Tax liabilities	6 811	4 382	3 402	3 409
Accrued liabilities	1 921	1 419	1 926	1 674
TOTAL LIABILITIES	74 899	43 691	51 401	36 205
<i>Non-current liabilities</i>	<i>34 455</i>	<i>19 573</i>	<i>25 572</i>	<i>17 855</i>
<i>Current liabilities</i>	<i>40 522</i>	<i>24 118</i>	<i>25 829</i>	<i>18 350</i>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	129 698	82 449	101 414	72 826

- Since 11 November 2021, Virši shares have been listed on the stock exchange. **IPO raised net 7.3 m EUR** for further strategic development.
- **Dividends for 2021 were distributed** according to the Group's policy – 20% of the consolidated net profits. The decision on profit distribution for 2022 will be voted after the end of the financial year.
- The company has attracted financing for the development of the fuel station network in **SEB bank** in the amount of **7 million euros**.
- **Liquidity ratios** are stable – CA/CL – **1.24** (2021 corresponding period: 1.1)
- **Earnings per share** in the period reached 0.37 euros (0.20 euros in the corresponding period of 2021)

STRATEGIC TARGETS

2020 2024

EBITDA	7.8 m € *	15.4 m €
Net Profit	4.2 m €	9.0 m €
Fuel stations, incl. franchises	63	> 80
#1 alternative fuel segment	CNG / E	CNG / CBG / LNG / E
Non-fuel gross profit portion	> 40%	> 50%
Business diversification	FUEL / CONVENIENCE STORE	FUEL / CONVENIENCE STORE / ENERGY SERVICES
Top ranked employer	TOP 100	TOP 10

QUESTIONS



VIRŠI

unaudited **financial results**
for the 6 month period

2022

