Investment Summary

Retaining positive outlook for core segments. Biomethane production a profitable addition

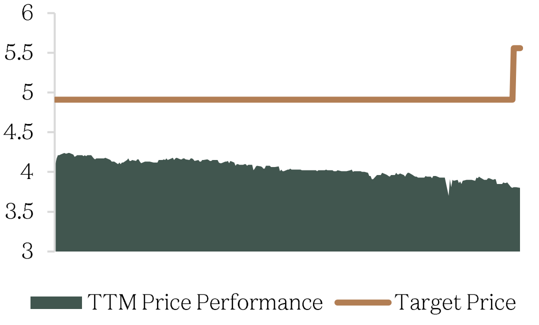
AS 'Virši-A' (hereinafter referred to as 'VIRSI', or the 'Group') is smoothly executing its investment pipeline, which remains central to the anticipated profitability improvements. In simple terms, part of the operating expenses are already being incurred while newly opened stations are still ramping up and gaining traction with consumers. As evidenced by the strong fuel volumes growth, these stations are scaling and will increasingly contribute to earnings. By 2028, when the network expansion is expected to be completed, we expect the Group to have reached its targeted efficiency level, translating into strong and stable earnings.

The Group with its partners are developing biomethane production facility in Naukšēni, Latvia, set to commence operations by 2026. In our view VIRSI have first mover advantage, having strategic location close to its feedstock suppliers and being able to have direct connection to Conexus grid, minimizing operating costs. We believe that in relative terms the biomethane production will be the most profitable segment for the Group.

VIRSI's business model has already demonstrated its ability to generate strong operating cash flows. Once the network expansion phase is completed, we expect the Group to convert these into substantial free cash flows, which form the backbone of our valuation. Based on our estimates, we value VIRSI's stock at EUR 5.56 per share.

Beyond the positive outlook for capital appreciation, we also see scope for increasing shareholder returns through a higher payout ratio once the investment cycle eases. Given the capital-intensive fuel station expansion, VIRSI has limited its payout ratio to 20%. We anticipate the Group to maintain this 20% payout ratio during its fuel station network expansion. Once the network reaches the desired coverage, we believe the payout ratio could gradually increase to 70% by 2029E, leading to dividend yield of 14%.

Company profile	
Listing market	Nasdaq Riga First North
Ticker	VIRSI
Industry	Speciality Retailer
Website	www.virsi.lv/en



Share Data (Oct 13, 2025)	
Current price, EUR	3.81
Target price, EUR	5.56
Potential Upside/Downside, %	45.8
52 week Low/High, EUR	3.70/4.24
3 month av. daily volume	903
Market cap, EURm	57.6
Ordinary shares	15.1

Analyst
Valters Smiltans
Valters.Smiltans@Signetbank.com
+371 66956529

Key Numbers (EURm)	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	343.7	380.6	396.0	433.2	475.2	491.8	503.1	514.7
EBITDA	13.7	13.7	13.0	15.8	22.9	24.9	24.9	24.9
Operating Profit	8.7	7.5	5.6	8.2	14.2	15.4	15.4	15.5
Net Profit	5.1	4.8	3.6	6.6	11.1	11.8	11.7	12.0
Net Profit (attr. to parent comp. holders)	5.1	4.8	3.6	6.6	10.2	10.9	10.8	11.1
Total Assets	135.8	151.0	160.5	173.2	201.7	205.8	206.5	207.9
Net Debt	26.2	36.1	40.3	41.4	53.3	46.1	40.3	34.2
Total Equity	69.6	73.8	76.6	83.9	92.3	98.8	103.9	109.4
CAPEX	16.8	22.2	11.3	14.5	16.9	9.1	9.1	9.1
Dividend yield (%)	2.5	1.3	1.3	1.3	4.6	9.2	14.3	14.2
EV/EBITDA (x)	9.2	6.7	7.1	5.8	4.0	3.7	3.7	3.7
P/E (x)	10.8	6.4	16.0	8.7	5.7	5.3	5.3	5.2
P/Book (x)	1.4	1.0	0.8	0.7	0.6	0.6	0.6	0.5

Source: VIRSI, Signet Bank for estimates. Valuation multiples 2024-2028E are calculated based on the share price EUR 3.81 at October 13, 2025.

Fuel retail and convenience stores

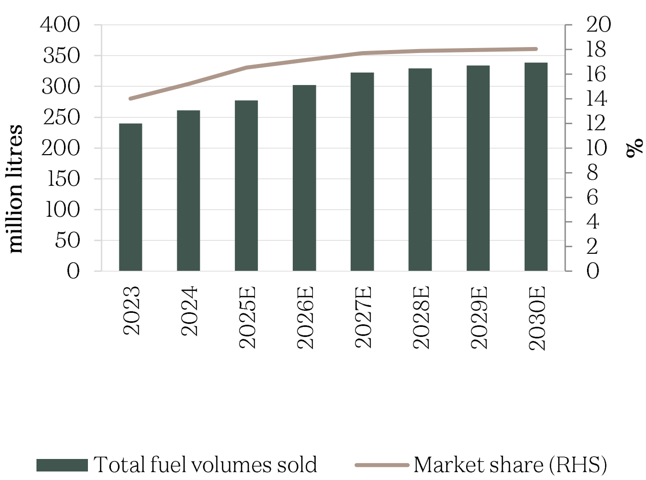
VIRSI continues to expand its fuel retail market share, with volumes in 1H/25 rising 11.5% y-o-y versus the market's modest 0.8% growth. Market share gains were supported both by new station additions (+7 stations or +9% y-o-y) and overall client growth. The sluggish macro environment, however, continues to constrain overall market growth and foster price competition, maintaining pressure on margins.

Fuel consumption shows a strong correlation with GDP dynamics (0.96x). Accordingly, we align our total market fuel volume estimates with the latest Central Bank GDP forecasts (2026: +2.8%, 2027: +3.2%), and assume a conservative +1% y-o-y growth thereafter. We expect new station openings and overall client growth to allow VIRSI fuel volumes to consistently outpace the market, recording a 6Y CAGR of 4.4% (vs market 1.5%). Gross margin (EUR per litre) is assumed to grow marginally (+1% y-o-y), driven by a higher share of B2C clients in the mix.

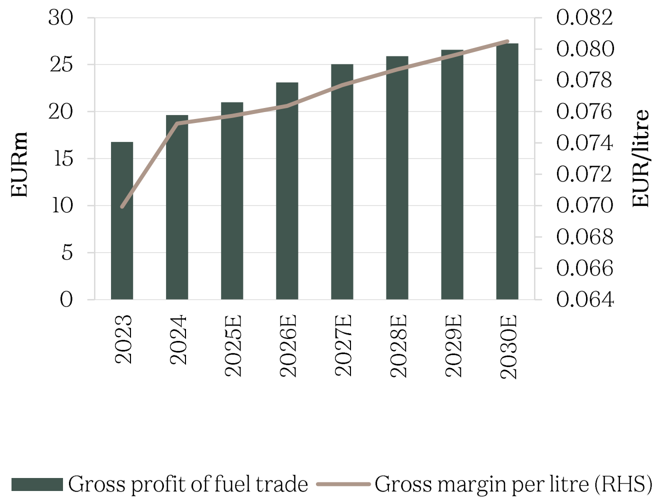
Fuel segment gross profit is estimated to grow at a 6Y CAGR of 5.6%, reaching EUR 27m by the end of the forecast period and accounting for 42% of total gross profits.

Convenience store sales softened versus H2/24, reflecting the weaker macro backdrop, but remained higher y-o-y, with gross margins stable and optimal. In 2025, VIRSI closed two standalone convenience stores, as the brand is strongly associated with fuel retail and footfall in independent stores did not reach the desired levels. We view convenience sales growth as closely tied to the fuel station network and fuel volumes sold, reflecting the inflow of new customers. Convenience store sales are projected to record a 6Y CAGR of 5.5%, reaching EUR 78m by 2030. We consider gross margin at 36.6% being on healthy level, thus keeping it constant going further. All in all, convenience store gross profit is expected to grow at a 6Y CAGR of 5.7% to EUR 29m, constituting 44% of total gross profits.

VIRSI total fuel volumes and market share

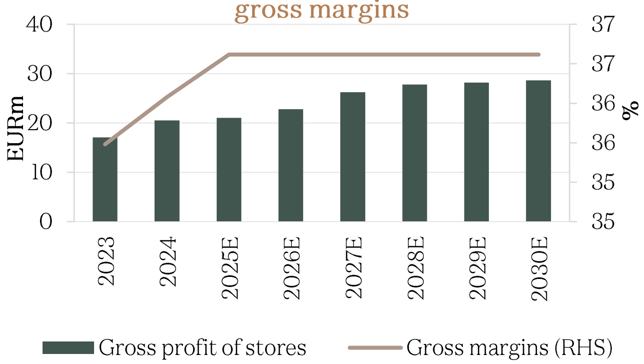


Gross profits and margins of fuel trade

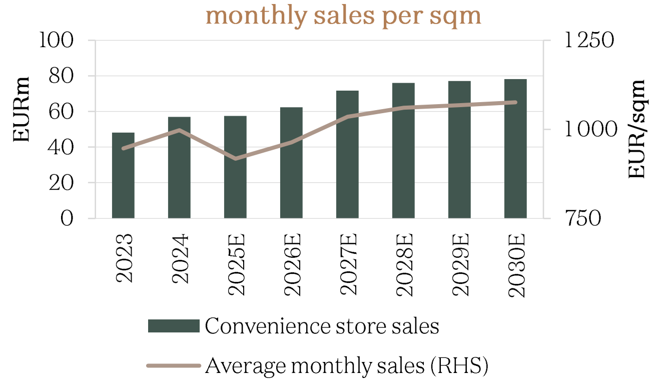


Source: VIRSI, Signet Bank for estimates. Historic total volumes, market share (incl. wholesale) and gross margin per litre based on Signet Bank estimates

Convenience stores gross profit and gross margins



VIRSI convenience stores total sales and monthly sales per sqm



Source: VIRSI, Signet Bank for estimates. Average monthly sales per sqm based on Signet Bank estimates

Biomethane production

For many energy policymakers today, there is a premium attached to projects that deliver on energy security objectives while reducing emissions and creating local value; this is a world of opportunity for biogases. Supported by policies, strong biomethane targets form a core part of the European Union's efforts to eliminate dependence on Russian energy and develop energy sources that can be produced domestically. According to IEA (Outlook for Biogas and Biomethane 2025), most European countries are actively promoting biomethane production. These developments brought annual biomethane production in Europe to over 4.5 bcme in 2023, however, this represents less than 2% of total natural gas demand in the region. According to REPowerEU plan the non- binding target is to produce 35 bcme by 2030. For example, biomethane development would avoid around USD 30bn in imported natural gas costs between 2024 and 2035, in a scenario where its climate targets are fully met.

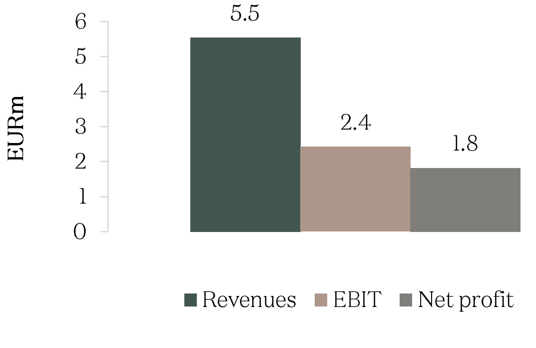
In 2024 VIRSI announced being part of biogas production project in Naukšēni, Latvia, with production estimated to begin by 2026. Eventually, VIRSI plans to increase its share in SIA Livland Biomethane to 51%. This new segment further integrates the Group not only being on energy sales side but directly producing it. The biogas plant is strategically located next to live stock farm that directly supplies biogas plant with manure (feedstock) with many other nearby farms that would supply feedstock for biogas production. Furthermore, the production facility will have the direct connection to Conexus gas grid. In our view VIRSI have first mover advantage, having strategic location close to its feedstock suppliers and being able to have direct connection to Conexus grid, minimizing the operating costs.

All in all, we believe that in relative terms the biomethane production will be the most profitable segment for the Group. We estimate biomethane production to contribute around EUR 5.5m in revenues and EUR 2.4m at EBIT level, translating into EUR 1.8m in annual net profit. The Group has indicated total investments of up to EUR 15m, of which EUR 12m would be debt-financed and EUR 3m equity. This implies 12% ROI and around 61% ROE, significantly above the Group's other segment historical levels. One should consider that our values are approximate and we have little information concerning the feedstock quality or plant efficiency, thus the estimates are rather conservative, giving room for potential upside. For example, For VIRSI, we assume benchmark CO_2 savings per MJ for the certificates of origin, though actual performance could exceed this, unlocking higher certificate value.

We note that costs vary by region and plant location; therefore, we apply approximate averages and publicly available assumptions in our model:

1. Capacity and output: VIRSI has indicated an annual plant capacity of 60 GWh. According to IEA estimates, parasitic energy demand (i.e., internal consumption for plant operations) averages ~15% for biogas plants and up to 20% for biomethane plants due to additional upgrading and compression. Based on this, we assume 48 GWh per year to be produced for sale.
2. **Revenue and cost assumptions:** Biogas projects are capex-intensive and typically financed with high leverage. For lenders to rely on predictable cash flows, we assume VIRSI has secured fixed biomethane sales contracts for several years. The revenue stream comprises of two components - NG market price and certificates of origin that are tradable guarantees that certify energy was produced from renewable sources.
    - NG price benchmark: EUR 32/MWh (Dutch TTF).
    - Certificates of origin: EUR 83.5/MWh based on spot price at Quantum Commodity intelligence platform at October 2nd, 2025 (Denmark unsubsidized biomethane (manure)).
    - Cost assumptions: Based on IEA estimates, average production cost is around EUR 74/MWh, of which 30% is broadly capex-related. For P&L purposes, we assume EUR 52/MWh as ongoing cost, with 20% of this attributable to feedstock.
    - Financing assumptions: VIRSI indicated total investment of EUR 15m, of which EUR 12m is expected to be debt-financed. Assuming fixed sales contracts and adequate collateral, we apply a 5% interest rate to model the financing cost.

Biomethane production estimates



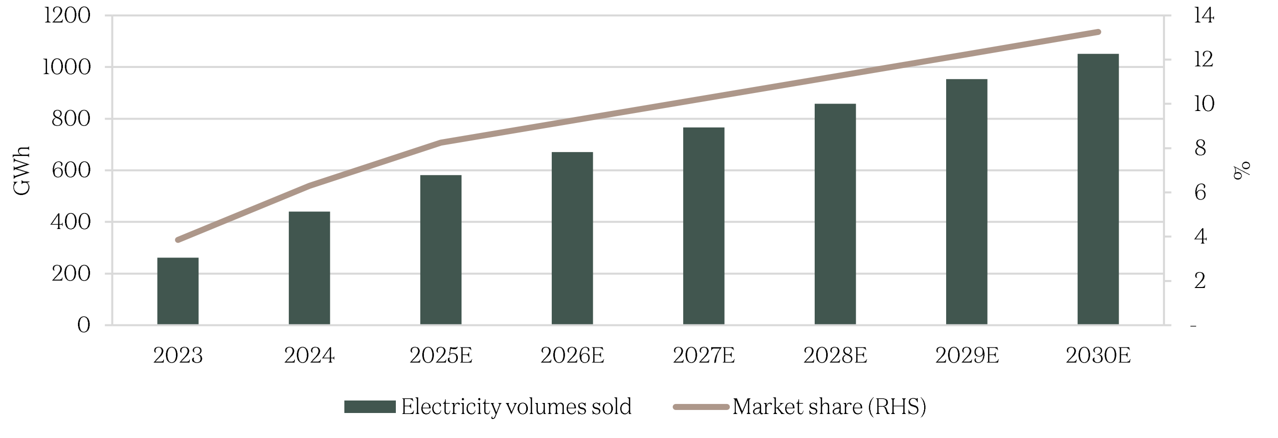
Energy segment (excluding biomethane operations)

VIRSI's electricity sales have scaled rapidly, reaching 8% market share just three years into operations. We believe the strong local brand and synergies from product bundling have been key drivers of this growth, and expect further market share gains going forward. We assume electricity market volumes will broadly track GDP growth, expanding at a 6Y CAGR of 2.25%. In comparison, VIRSI electricity volumes are projected to nearly double, advancing at a 6Y CAGR of 15.6% to reach 1,051 GWh by the end of the forecast period.

In February 2025, Latvia, together with Estonia and Lithuania, disconnected from the Russia-controlled BRELL grid and synchronized with the Continental European network, requiring new balancing and reserve mechanisms. This shift introduced additional system costs alongside grid reinforcement investments, which weighed heavily on margins and drove VIRSI's electricity gross profit into negative territory in H1/25. While this is a sector-wide impact, negative gross margins are not sustainable. VIRSI has indicated that these additional costs will gradually be passed through to producers and consumers, though the extent of recovery is uncertain, especially given potential long-term fixed contracts.

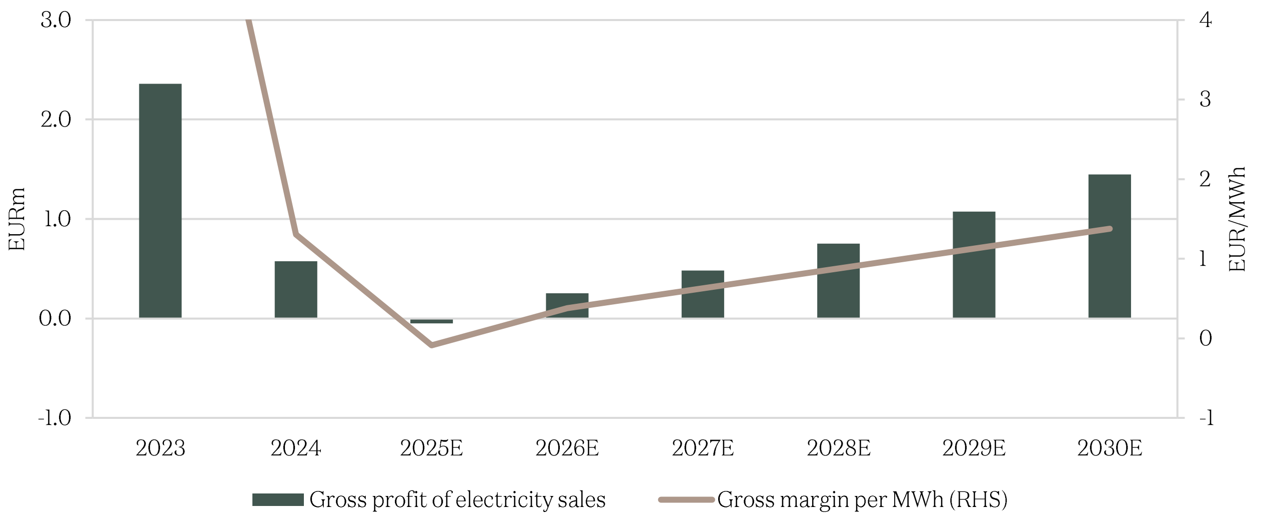
Taking a conservative approach, we model a gradual but modest margin recovery. Combined with strong volume growth, we expect the energy segment's gross profit to expand at a 6Y CAGR of 16.7%, reaching EUR 1.4m by 2030 and representing around 2% of total gross profits.

VIRSI electricity sales and market share



Source: VIRSI, Signet Bank for estimates.

VIRSI electricity gross profit and margin



Source: VIRSI, Signet Bank for estimates. Gross margin per MWh based on Signet Bank estimates

Earnings growth

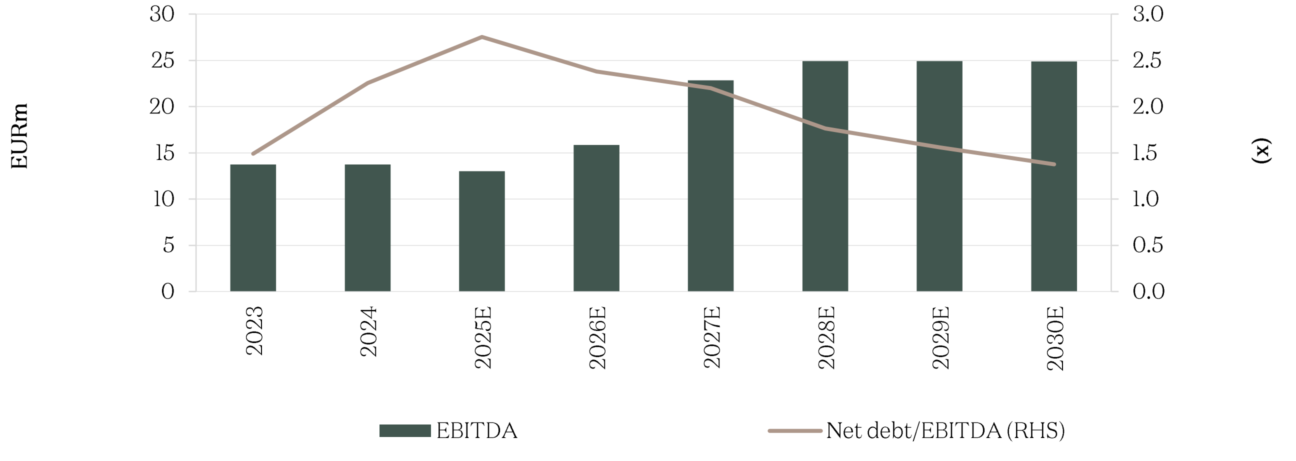
Overall, VIRSI is smoothly executing its investment pipeline, which remains central to the anticipated profitability improvements. In simple terms, part of the operating expenses are already being incurred while newly opened stations are still in the ramp-up phase and gradually gaining traction with consumers. As evidenced by the strong fuel volumes growth, these stations are scaling and increasingly contributing to gross profits.

From 2027 onward, we also expect a meaningful contribution from the Group's biomethane production operations. With strategic location advantages and high forecasted returns, the segment is set to become an important earnings driver alongside the fuel and convenience store segments. Accordingly, gross profits are forecasted to deliver a 6Y CAGR of 7.5% while OpEx is expected to increase at 6.1% rate. But at EBITDA level we expect 6Y CAGR of 10.4%

By 2027, when the station rollout is expected to be completed, we anticipate the Group will have reached its targeted efficiency level, translating into strong and stable earnings.

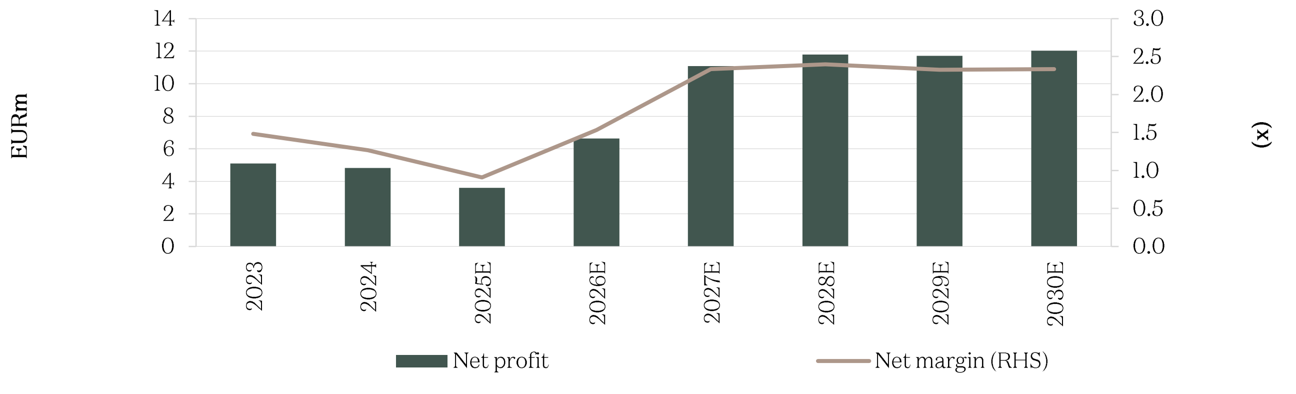
Our net profit estimates imply a 6Y CAGR of 16.4%, reaching EUR 12.0m by 2030. Given VIRSI's plan to acquire a 51% stake in the biomethane production plant entity, results will be fully consolidated. On that basis, our estimates for net profit attributable to parent company shareholders stand at a 6Y CAGR of 14.9%, reaching EUR 11.1m by 2030.

EBITDA and Net debt/EBITDA ratio



Source: VIRSI, Signet Bank for estimates.

Net profit and net margin



Source: VIRSI, Signet Bank for estimates.

Valuation

Valuation summary

In valuing the total equity of VIRSI, we applied a weighted average of values derived from the Discounted Cash Flow (DCF) method and peer group data, which included comparisons across three market multiples. We assigned a 55% weight to the DCF-based income approach valuation. The remaining 45% weight was allocated to the peer valuation, with each of the peer multiples given a 15% weight.

Based on our current projections and assumptions for VIRSI, we set our target price for the Group at EUR 5.56 per share.

Given the capital-intensive fuel station expansion, VIRSI has limited its payout ratio to 20%. We anticipate the Group to maintain this 20% payout ratio during its fuel station network expansion, keeping the expected dividend yield 1.3% in 2026E. Once the network reaches the desired coverage, we believe the payout ratio will gradually increase to 70% by 2029E, leading to dividend yield of 14%.

VIRSI's business model has already demonstrated its ability to generate strong operating cash flows. Once the network expansion phase is completed, we expect the Group to convert these into robust free cash flows, which form the backbone of our valuation.

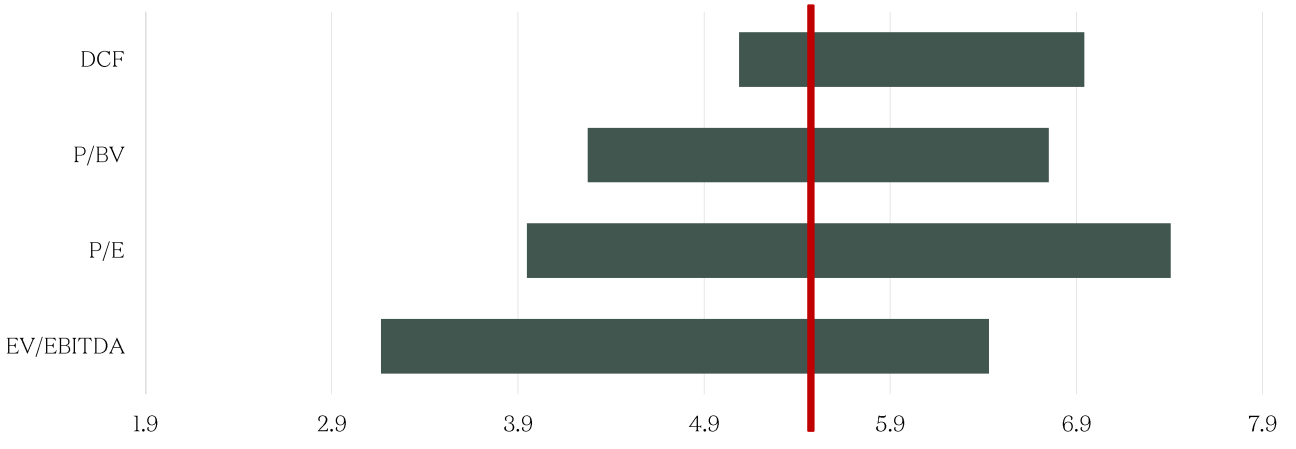
Key Risks:

- High competitive intensity
- Slower than expected expansion
- Rebalancing cost pressure on energy trading margins

Key Drivers:

- Strong brand image
- Good profitability track record
- Diversification of fuels
- Expansion in energy trading and production

Weighted Value Per Share, EUR	Period weights			Period weighted value	Weights	Contribution to value
	2025E	2026E	2027E			
Method	33%	33%	33%			
DCF				5.91	55%	3.25
EV/EBITDA	3.16	3.52	6.43	4.37	15%	0.66
P/E	3.95	5.30	7.41	5.55	15%	0.83
P/CF	4.27	5.30	6.75	5.44	15%	0.82
Total weighted value per share						**5.56**



Source: Signet Bank

DCF

Valuing the equity of VIRSI we are applying the free cash flow to the firm. We consider that two-step DCF model, which includes 6-year forecast period, followed by terminal value, is suitable as the Group is expected to enter stable growth phase already in 2028.

Our DCF model assumes 10.0% cost of capital. Considering the relatively small size of the Group, low liquidity of its shares, and highly competitive operating environment involving strong pressure from the market players, we applied company-specific risk premium of 2.0% besides other cost of capital assumptions. As we expect the Group to consolidate the biogas operations by 2027, we have included additional EUR 12m of debt and EUR 1.5m of minority interest in VIRSI capital structure to ensure our EV corresponds to the near future "fully consolidated" structure that our cash flows reflect.

Based on these assumptions, we calculated a DCF-based value of the Group at EUR 5.91 per share. Considering the sensitivity of DCF analysis to long-term growth rate and the cost of capital, we have provided a sensitivity table.

Peer valuation

For the peer valuation, we compiled a diverse list of companies operating in the fuel retail, convenience store, and fast-food sectors. These companies vary significantly in size, with most being considerably larger than VIRSI and typically possessing more complex and diversified business models. Due to the limited number of comparable listed companies in Europe, we included several global names from regions such as the US, Canada, Vietnam, and other markets. While we acknowledge potential deviations in average trading multiples across different global regions, we believe that a broader peer selection aids in achieving sufficient market diversification.

The closest operational peer to VIRSI is Alimentation Couche-Tard Inc., the parent company of the global network of Circle-K fuel stations and convenience stores, which is primarily listed in Toronto, Canada. Despite its substantially larger size and different scale of operations, Alimentation Couche-Tard Inc. provides a relevant benchmark for valuing VIRSI's operating model on a global scale. Many other peers in our list are more focused on the convenience store segment and may have minimal or no involvement in the fuel retail business.

We used the peer group median values as the basis for our comparative analysis of VIRSI, applying an additional 20% discount to all peer group-derived market multiples to account for differences in company size and liquidity. To ensure a comprehensive selection of market multiples for broader comparison, we focused on three key multiples: EV/EBITDA, P/E, and P/CF. Outliers were excluded from the median calculations to minimize the probability of larger statistical errors.

DCF Assumptions:	
Risk free rate	3.2%
Market risk premium	5.1%
Levered Beta	1.29
Country Risk Premium	1.2%
Add. comp. risk premium	2.0%
Share of debt	34.6%
Terminal sales growth	2.0%
Terminal EBIT margin	3.0%
Cost of equity	12.99%
Cost of debt	4.3%
WACC	9.98%

DCF valuation, EURm	2025E	2026E	2027E	2028E	2029E	2030E	Term
EBIT	5.6	8.2	14.2	15.4	15.4	15.5	15.8
Taxes	(0.3)	(0.2)	(0.7)	(1.3)	(1.6)	(1.6)	(1.7)
Non-cash charges	7.4	7.6	8.7	9.5	9.5	9.4	9.6
Capex	(11.3)	(14.5)	(16.9)	(9.1)	(9.1)	(9.1)	(9.3)
Change in NWC	(0.9)	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)
FCFF	**0.5**	**0.6**	**4.8**	**14.4**	**14.1**	**14.1**	**14.3**
Discounted FCFF	0.5	0.5	3.8	10.3	9.2	8.3	105.8
EV							138.0
Net debt + adjustments							(49.0)
Equity value							**89.5**
Equity value per share (EUR)							**5.91**

Sensitivity of DCF value to changes in assumptions (EUR)

Terminal growth rate	WACC						
	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%
1.1%	7.20	6.45	5.79	5.20	4.68	4.21	3.79
1.4%	7.54	6.74	6.04	5.42	4.87	4.38	3.94
1.7%	7.92	7.06	6.31	5.66	5.08	4.56	4.10
2.0%	8.33	7.40	6.61	5.91	5.30	4.75	4.27
2.3%	8.78	7.78	6.93	6.18	5.53	4.96	4.44
2.6%	9.27	8.19	7.27	6.48	5.78	5.17	4.63
2.9%	9.82	8.65	7.65	6.80	6.06	5.41	4.84

Source: Signet Bank

Peer comparison table

Company	Country	Market Cap	EV/EBITDA (x)			P/E (x)			P/CF (x)		
		EURm	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
ALIMENTATION COUCHE-TARD INC	CANADA	41917	10.1	9.7	9.1	18.9	18.0	15.9	10.3	9.5	9.0
MURPHY USA INC	UNITED STATES	6087	9.2	8.6	8.0	15.4	13.8	12.2	n.a.	n.a.	n.a.
PTT OIL & RETAIL BUSINESS PC	THAILAND	4108	7.0	6.6	6.2	14.7	13.9	13.8	9.6	8.5	8.0
ABU DHABI NATIONAL OIL CO FO	UAE	10807	12.6	12.1	11.5	17.8	17.0	15.9	13.3	12.8	13.4
ORGANIZACION TERPEL SA	COLOMBIA	517	3.0	3.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
RUBIS	FRANCE	2929	6.2	6.0	5.7	9.2	8.8	8.4	5.2	4.9	4.7
VIETNAM NATIONAL PETROLEUM G	VIETNAM	1543	8.6	6.5	5.5	20.8	14.8	11.3	n.a.	n.a.	n.a.
NORTH WEST CO INC/THE	CANADA	1430	8.2	7.6	6.3	15.9	15.1	11.3	9.0	8.3	6.6
AMREST HOLDINGS SE	SPAIN	742	5.1	4.7	4.4	20.7	13.9	10.2	1.9	1.7	1.4
EUROCASH SA	POLAND	265	3.8	3.6	3.6	34.2	14.1	10.8	1.4	1.2	1.0
7-ELEVEN MALAYSIA HOLDINGS B	MALAYSIA	450	8.8	8.5	8.1	34.5	29.9	26.7	5.7	6.3	6.1
TAIWAN FAMILYMART CO LTD	TAIWAN	1290	7.6	8.6	9.8	25.4	23.0	21.1	n.a.	n.a.	n.a.
METRO INC/CN	CANADA	14583	13.3	12.6	12.1	22.4	20.3	18.7	19.7	17.4	15.8
SEVEN & I HOLDINGS CO LTD	JAPAN	31135	8.5	8.8	9.0	31.0	20.5	19.5	7.7	7.2	6.7
Median (Excluding outliers)			**8.2**	**8.1**	**8.0**	**20.7**	**15.1**	**13.8**	**7.7**	**7.2**	**6.6**
Harmonic Mean			6.5	6.6	6.8	19.0	15.8	13.6	4.2	3.9	3.3
Quartile 1			6.4	6.1	5.7	15.9	13.9	11.3	5.3	5.3	5.1
Quartile 3			9.1	8.7	9.1	25.4	20.3	18.7	10.1	9.3	8.8
Company size discount applied		20%									
Adjusted Multiples			**6.5**	**6.5**	**6.4**	**16.6**	**12.1**	**11.0**	**6.1**	**5.8**	**5.3**
Respective financial result of VIRSI (EURm)			13.0	15.8	22.9	3.6	6.6	10.2	10.6	13.9	19.4
Implied equity value based on Harmonic Mean (EURm)			**47.9**	**53.3**	**97.4**	**59.8**	**80.3**	**112.2**	**64.7**	**80.3**	**102.3**
Implied value per share (EUR)			**3.2**	**3.5**	**6.4**	**3.9**	**5.3**	**7.4**	**4.3**	**5.3**	**6.8**

Source: Bloomberg, Signet Bank

Report Tables

Balance Sheet (EURm)	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Assets								
Intangible assets	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
Property, plant and equipment	84.2	99.5	103.5	111.5	130.8	130.5	130.1	129.8
Right-of-use assets	4.0	5.0	4.9	5.0	5.6	5.3	5.0	4.7
Other non-current assets	1.8	2.1	2.9	2.9	2.9	2.9	2.9	2.9
Derivatives	7.3	4.5	5.9	7.4	8.8	10.3	11.7	13.2
Inventories	12.0	12.8	14.2	15.4	16.6	17.0	17.4	17.8
Trade receivables	17.4	17.8	20.8	22.4	24.6	25.2	25.8	26.4
Deferred expenses	0.3	0.4	0.2	0.3	0.3	0.3	0.3	0.3
Accrued income	1.4	1.8	1.5	1.7	1.8	1.9	1.9	1.9
Other receivables	2.1	2.4	3.9	4.2	4.6	4.7	4.8	4.9
Cash and cash equivalents	4.7	4.0	1.8	1.7	4.8	7.0	5.7	5.1
Total assets	**135.8**	**151.0**	**160.5**	**173.2**	**201.7**	**205.8**	**206.5**	**207.9**

Equity and liabilities								
Equity								
Share capital and reserves	34.8	34.2	33.8	33.8	33.8	33.8	33.8	33.8
Retained earnings	29.7	34.8	39.1	44.9	50.6	55.8	59.9	64.3
Profit for the reporting year	5.1	4.8	3.6	3.7	5.5	5.8	6.0	6.1
Minority share				1.5	2.4	3.3	4.2	5.1
Total equity	**69.6**	**73.8**	**76.6**	**83.9**	**92.3**	**98.8**	**103.9**	**109.4**

Liabilities								
Loans from credit insitutions	15.2	24.2	27.4	29.4	44.4	40.4	39.4	33.7
Other borrowings	5.7	5.1	4.5	3.7	3.0	2.2	1.5	0.0
Derivatives	5.2	3.1	4.7	6.3	7.9	9.5	11.0	12.6
Finance lease liabilities	3.7	4.8	4.5	4.2	3.9	3.6	3.4	3.1
Asset retirement obligation	0.8	0.8	0.7	0.8	0.9	0.9	0.9	0.9
Deferred tax liabilities	11.0	11.0	12.9	14.6	16.4	17.6	18.8	20.0
Trade payables	16.8	18.7	20.4	22.0	23.8	24.4	24.9	25.5
Deferred income	0.1	0.1	0.3	0.3	0.3	0.4	0.4	0.4
Accrued liabilities	5.1	5.7	4.8	5.0	5.5	5.7	5.9	6.1
Total liabilities	**66.2**	**77.2**	**84.0**	**89.3**	**109.3**	**107.0**	**102.6**	**98.5**
Total Equity and Liabilities	**135.8**	**151.0**	**160.5**	**173.2**	**201.7**	**205.8**	**206.5**	**207.9**

Source: VIRSI for historicals, Signet Bank for estimates

Report tables

Income Statement (EURm)	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	343.7	380.6	396.0	433.2	475.2	491.8	503.1	514.7
Production costs	(306.0)	(339.4)	(352.8)	(385.8)	(417.2)	(431.2)	(441.1)	(451.3)
Gross profit	**37.7**	**41.2**	**43.2**	**47.4**	**58.0**	**60.6**	**62.0**	**63.5**
Selling expenses	(25.2)	(29.2)	(33.0)	(34.7)	(39.1)	(40.4)	(41.6)	(42.9)
Administrative expenses	(2.8)	(3.8)	(4.2)	(4.5)	(4.7)	(4.8)	(5.0)	(5.2)
Other operating income	0.3	0.6	0.8	0.9	1.0	1.0	1.0	1.1
Other operating expenses	(1.4)	(1.3)	(1.2)	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
Operating profit	**8.7**	**7.5**	**5.6**	**8.2**	**14.2**	**15.4**	**15.4**	**15.5**
Depreciation & Amortization	(5.1)	(6.3)	(7.4)	(7.6)	(8.7)	(9.5)	(9.5)	(9.4)
EBITDA	**13.7**	**13.7**	**13.0**	**15.8**	**22.9**	**24.9**	**24.9**	**24.9**
Net financial expenses	(3.2)	(2.4)	(1.7)	(1.4)	(2.4)	(2.3)	(2.1)	(1.8)
Pre-tax profit	**5.5**	**5.1**	**3.9**	**6.8**	**11.8**	**13.1**	**13.4**	**13.7**
Income tax	(0.4)	(0.3)	(0.3)	(0.2)	(0.7)	(1.3)	(1.6)	(1.6)
Net profit	**5.1**	**4.8**	**3.6**	**6.6**	**11.1**	**11.8**	**11.7**	**12.0**
Net profit attributable to parent company holders	**5.1**	**4.8**	**3.6**	**6.6**	**10.2**	**10.9**	**10.8**	**11.1**
Net profit attributable to minority holders	-	-	-	-	**0.9**	**0.9**	**0.9**	**0.9**

Cash Flow Statement Summary (EURm)	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Profit before tax	5.5	5.1	3.9	6.8	11.8	13.1	13.4	13.7
Adjustments for:								
- Amortisation and depreciation	5.7	6.3	7.4	7.6	8.7	9.5	9.5	9.4
- Change in loans and receivables	1.6	0.6	(2.7)	(1.7)	(2.2)	(0.6)	(0.6)	(0.6)
- Change in inventories	(2.7)	(0.8)	(1.4)	(1.1)	(1.2)	(0.4)	(0.4)	(0.4)
- Change in payables and accrued liabilties	0.1	4.5	3.5	2.8	3.5	1.1	1.0	1.1
- Other adjustments	3.3	2.5	1.7	1.4	1.8	2.1	1.9	1.7
Cash generated from operations, gross	**13.5**	**18.2**	**12.4**	**15.8**	**22.4**	**24.8**	**24.8**	**24.8**
Interest paid	(1.0)	(1.4)	(1.5)	(1.7)	(2.3)	(2.2)	(1.9)	(1.7)
Corporate income tax paid	(0.4)	(0.3)	(0.3)	(0.2)	(0.7)	(1.3)	(1.6)	(1.6)
Net cash flows from operating activities	**12.1**	**16.5**	**10.6**	**13.9**	**19.4**	**21.3**	**21.2**	**21.5**
Purchase of intangible assets and PPE, net	(16.8)	(22.2)	(11.3)	(14.5)	(16.9)	(9.1)	(9.1)	(9.1)
Other Investments, net	-	(0.3)	(1.1)	-	-	-	-	-
Net cash flows from investing activities	**(16.8)**	**(23.3)**	**(13.6)**	**(14.5)**	**(16.9)**	**(9.1)**	**(9.1)**	**(9.1)**
Dividends paid	(1.7)	(0.8)	(0.7)	(0.8)	(2.7)	(5.3)	(6.6)	(6.6)
Changes in Equity	-	-	-	-	-	-	-	-
Loans repaid & received, net	(1.2)	6.9	1.6	1.3	3.2	(4.8)	(6.8)	(6.5)
Net cash flows from financing activities	**(2.9)**	**6.1**	**0.9**	**0.5**	**0.6**	**(10.1)**	**(13.3)**	**(13.0)**
Change in cash and cash equivalents for the year	**(7.6)**	**(0.7)**	**(2.1)**	**(0.1)**	**3.1**	**2.1**	**(1.2)**	**(0.6)**
Cash and cash equivalents at the beginning of the year	12.4	4.7	4.0	1.8	1.7	4.8	7.0	5.7
Cash and cash equivalents at the end of the year	**4.7**	**4.0**	**1.8**	**1.7**	**4.8**	**7.0**	**5.7**	**5.1**

Source: VIRSI for historicals, Signet Bank for estimates

Report tables

Main Ratios	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Growth, %								
Revenues	(8.4)	10.7	4.1	9.4	9.7	3.5	2.3	2.3
Gross Profit	15.0	9.3	4.9	9.7	22.3	4.5	2.3	2.4
EBITDA	11.7	0.0	(5.3)	21.7	44.3	9.0	0.0	(0.1)
Pre-tax Profit	(48.3)	(7.7)	(23.2)	75.2	72.1	11.6	1.9	2.2
Net Profit	(50.8)	(5.4)	(25.3)	84.1	67.1	6.3	(0.6)	2.6
Margins and profitability, %								
Gross margin	11.0	10.8	10.9	10.9	12.2	12.3	12.3	12.3
EBITDA margin	4.0	3.6	3.3	3.7	4.8	5.1	5.0	4.8
Operating margin	2.5	2.0	1.4	1.9	3.0	3.1	3.1	3.0
Pre-tax Profit margin	1.6	1.3	1.0	1.6	2.5	2.7	2.7	2.7
Net margin	1.5	1.3	0.9	1.5	2.3	2.4	2.3	2.3
Return ratios								
Capital Employed (EUR m)	100.5	113.9	118.7	127.0	150.4	151.9	150.0	148.7
ROCE (%)	8.8	7.0	4.8	6.7	10.2	10.2	10.2	10.4
ROE (%)	7.5	6.7	4.8	8.3	12.6	12.3	11.6	11.3
ROA (%)	3.8	3.4	2.3	4.0	5.9	5.8	5.7	5.8
Leverage								
Net Debt, EURm	26.2	36.1	40.3	41.4	53.3	46.1	40.3	34.2
Net gearing, x	0.4	0.5	0.5	0.5	0.6	0.5	0.4	0.3
Debt/Equity ratio, x	0.4	0.5	0.6	0.5	0.6	0.5	0.4	0.4
Net debt/EBITDA, x	1.9	2.6	2.8	2.4	2.2	1.8	1.6	1.4
Valuation								
Dividend yield (%)	2.5	1.3	1.3	1.3	4.6	9.2	14.3	14.2
EV/Revenue (x)	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
EV/EBITDA (x)	6.6	6.3	7.1	5.8	4.0	3.7	3.7	3.7
P/E (x)	13.1	12.9	16.0	8.7	5.7	5.3	5.3	5.2
P/BV (x)	1.0	0.8	0.8	0.7	0.6	0.6	0.6	0.5

Source: VIRSI, Signet Bank for estimates. Valuation multiples 2025-2028E are calculated based on the share price EUR 3.81 at October 13, 2025.

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Sign-off time: October 13, 2025, 18:00

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Signet Bank AS
Antonijas street 3
Riga, LV 1010, Latvia

Phone: +371 67080 000
Email: info@signetbank.com

www.signetbank.com