Gafrik Research

# Ad Hoc Rating Update

May 18, 2026

GEVORKYAN ® a. s.

Powder Metallurgy Plant

# Gafrik Research

## Ad Hoc Rating Update

*May 18, 2026*

This report supplements the Flash Note dated March 30, 2026 and the Initiating Quarter Report dated February 5, 2026. Full coverage available at www.gafrikresearch.com

# GEVORKYAN, a.s. | Central Europe

## FY2025 Results

**COMPANY INFORMATION**

| | |
|---|---|
| Name | GEVORKYAN, a.s. |
| Industry | Industrial Machinery & Equipment |
| Sector | Industrials |
| Sub-sector | Powder Metallurgy Components |
| Headquarters | Vlkanová, Slovakia |
| Employees (as of December 31, 2025) | 174 |
| Exchanges | Prague (Primary) Bratislava |
| Tickers | GEV.PR 1GVR001E |
| ISIN | SK1000025322 |

**RATING & TARGET PRICE**

| | |
|---|---|
| **Rating** | **BUY** |
| **Target Price** | **EUR 12.07 / CZK 296** |
| Upside | *+59.1 %* |
| Prior Rating (March 30, 2026) | BUY |
| Prior Target (March 30, 2026) | EUR 11.01 / CZK 270 |
| Prior Target (Feb 5, 2026) | EUR 12.34 / CZK 303 |

**SHARE DATA**

| | |
|---|---|
| Current Price (May 18, 2026) | EUR 7.58 / CZK 186 |
| Price (March 30, 2026) | EUR 7.84 / CZK 192 |
| IPO Price (June 2022) | EUR 10.10 / CZK 248 |
| 52-Week High | EUR 10.85 / CZK 258 |
| 52-Week Low | EUR 7.34 / CZK 180 |
| Market Cap | EUR 135M |
| Shares Outstanding (post-ABB) | 17 857 272 |
| Free Float | *30 %* |
| Avg Daily Volume | Low |

**VALUATION SUMMARY**

| | |
|---|---|
| Method (Blended) | EV/EBITDA |
| Trailing EBITDA FY2025 (norm.) | EUR 29M |
| Forward EBITDA 2026E (guidance low) | EUR 33M |
| Target Multiple | 9,7x |
| Peer Median EV/EBITDA | 22,6x |
| Discount to Peers | *-57.1 %* |
| Net Debt (post-ABB est.) | EUR 85.2M |

Source: Prague Stock Exchange | Edit: Gafrik Research

## EVENT SUMMARY

Gafrik Research publishes this Ad Hoc Rating Update in accordance with its rating validity policy as a response to a material event: the publication of the audited individual financial statements of GEVORKYAN, a.s. for FY2025, prepared in accordance with IFRS and approved by the Board of Directors on April 29, 2026. The audited financial statements represent the definitive financial basis for Gafrik Research valuation in accordance with its methodology (Section 6), which requires a rating update upon availability of audited data.

Audited FY2025 results came in below the preliminary unaudited figures published on March 10, 2026, with revenue at EUR 82.7M (-1.7% vs prelim) and reported EBITDA at EUR 27.1M (-3.5%). The deviation reflects minor adjustments in revenue recognition and cost allocation rather than any structural change in underlying operating performance.

Gafrik Research applies normalized EBITDA of EUR 29.0M, as referenced by management during the FY2025 investor call, as the primary valuation base. On this basis, the target price is increased to EUR 12.07 / CZK 296 (from EUR 11.01 / CZK 270), and BUY rating is reaffirmed.

## FY2025 AUDITED RESULTS: ANALYTICAL COMMENTARY

**Revenue.** GEVORKYAN, a.s. reported FY2025 revenues of EUR 82.7M (+9.2% YoY), deviating -1.7% from preliminary unaudited figures of EUR 84.1M published on March 10, 2026. Growth was consistently driven by long-term contracts with 90% revenue visibility, an increase in revenues from sale of own products (+10.3% YoY to EUR 72.1M), and the contribution of asset acquisitions completed in 2024 - 2025. Service revenues grew +2.4% YoY to EUR 10.6M. The historical revenue CAGR of 13% since IPO in June 2022 confirms consistent execution of the growth strategy.

**EBITDA.** Reported audited EBITDA reached EUR 27.1M, below both the preliminary FY2025 figure of EUR 28.1M and the original management guidance floor of EUR 30M. Gafrik Research applies normalized EBITDA of EUR 29.0M as the primary trailing valuation input.

The EUR 1.9M normalization reflects ERP implementation costs, M&A due diligence related to the Bologna acquisition and Polish development subsidiary, and machinery modifications associated with defense-related production programs. Gafrik Research considers the ERP and transaction-related costs non-recurring in nature, while machinery modification costs are viewed as temporary expenses linked to the initial certification and ramp-up phase of the defense segment.

Normalized EBITDA margin of 35.1% remains among the highest in the peer group, supported by operating leverage from higher capacity utilization, continued automation gains, and a sustained mix shift toward higher value-added production. This level of profitability confirms that core operating efficiency remains intact despite temporary below-the-line pressure from depreciation and financing costs.

**Below-the-line pressure.** EBIT reached EUR 10.0M despite EBITDA growth, as depreciation increased +17.9% YoY to EUR 18.3M following asset activations from the 2023–2026 investment cycle. Financial costs rose to EUR 6.6M (+26.3% YoY) following the 2024 bond refinancing.

The decline in net income is primarily driven by higher depreciation following recent asset activations and increased financing costs related to the 2024 refinancing, reflecting the investment cycle rather than deterioration in underlying operational performance.

**Cash flows.** Net cash flows from operating activities reached EUR 26.4M (+22.3% YoY), representing strong EBITDA-to-operating cash flow conversion. Gross CapEx reached EUR 33.6M, with net CapEx of EUR 32.2M after disposal proceeds of EUR 1.4M. Free cash flow remained negative at -EUR 5.9M, consistent with the peak of the investment cycle and in line with Gafrik Research expectations. The improving FCF trajectory, from -EUR 8.6M in FY2024 to -EUR 5.9M in FY2025, confirms the anticipated path toward positive FCF from 2027 onward.

**IMPORTANT DISCLOSURES**

This report has been commissioned by GEVORKYAN, a.s. (issuer-sponsored research). The analytical view and all conclusions are based solely on Gafrik Research s.r.o.'s independent analysis. GEVORKYAN, a.s. did not influence the analytical view or content.

This analytical view is NOT a personal investment recommendation. Investors should assess suitability for their individual circumstances and consult a qualified financial advisor before making any investment decision.

Report Type: Ad Hoc Rating Update

Methodology: www.gafrikresearch.com/methodology

Rating Validity: Until Q1 2026 results and updated financial plan 2026 - 2029 (May 19, 2026)

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## GEVORKYAN, a.s. | Central Europe

FY2025 Results

### INCOME STATEMENT (EUR M)

| | FY2025 | FY2024 | *YoY* |
|---|---|---|---|
| Revenue | 82,66 | 75,69 | *+9,21%* |
| COGS | 32,17 | 33,37 | *-3,60%* |
| Gross Profit | 50,49 | 42,31 | *+19,32%* |
| Operating Expenses | 23,40 | 15,94 | *+46,79%* |
| EBITDA (reported) | 27,08 | 26,37 | *+2,70%* |
| EBITDA (normalized) | 29,00 | - | - |
| D&A | 18,31 | 15,52 | *+17,93%* |
| EBIT | 9,97 | 10,85 | *-8,04%* |
| Interest Expense | 6,57 | 5,20 | *+26,32%* |
| EBT | 3,45 | 6,04 | *-42,85%* |
| Net Profit | 2,73 | 3,79 | *-27,96%* |

EBITDA reported reflects management's definition as disclosed in the FY2025 Annual Report (EUR 27,082M). Operating Expenses comprise services, personnel costs, change in inventories of own production, and other operating result as per the audited IFRS income statement. EBITDA as calculated by EBIT plus D&A equals EUR 28,280M (Operating Profit per audited financial statements).

### BALANCE SHEET (EUR M)

| | FY2025 | FY2024 | *YoY* |
|---|---|---|---|
| Total Assets | 212,23 | 196,13 | *+8,21%* |
| PP&E | 141,75 | 110,53 | *+28,24%* |
| Intangibles | 10,98 | 11,23 | *-2,18%* |
| Inventories | 33,90 | 31,04 | *+9,20%* |
| Receivables | 35,51 | 33,26 | *+6,76%* |
| Cash & Equiv. | 0,38 | 2,61 | *-85,50%* |
| Total Liabilities | 134,07 | 120,63 | *+11,14%* |
| Equity | 78,16 | 75,50 | *+3,52%* |
| Total Debt | 94,94 | 47,58 | *+99,54%* |
| Net Debt | 94,56 | 83,20 | *+13,65%* |

### CASH FLOW (EUR M)

| | FY2025 | FY2024 | *Change* |
|---|---|---|---|
| CFO | 26,38 | 21,56 | *+22,33%* |
| CapEx (gross) | 33,65 | 29,30 | *+14,86%* |
| Disposal proceeds | 1,41 | 0,73 | *+92,73%* |
| Net CapEx | 32,24 | 28,57 | *+12,87%* |
| FCF | -5,87 | -7,01 | *−16,25%* |

All financial data complies with IFRS standards

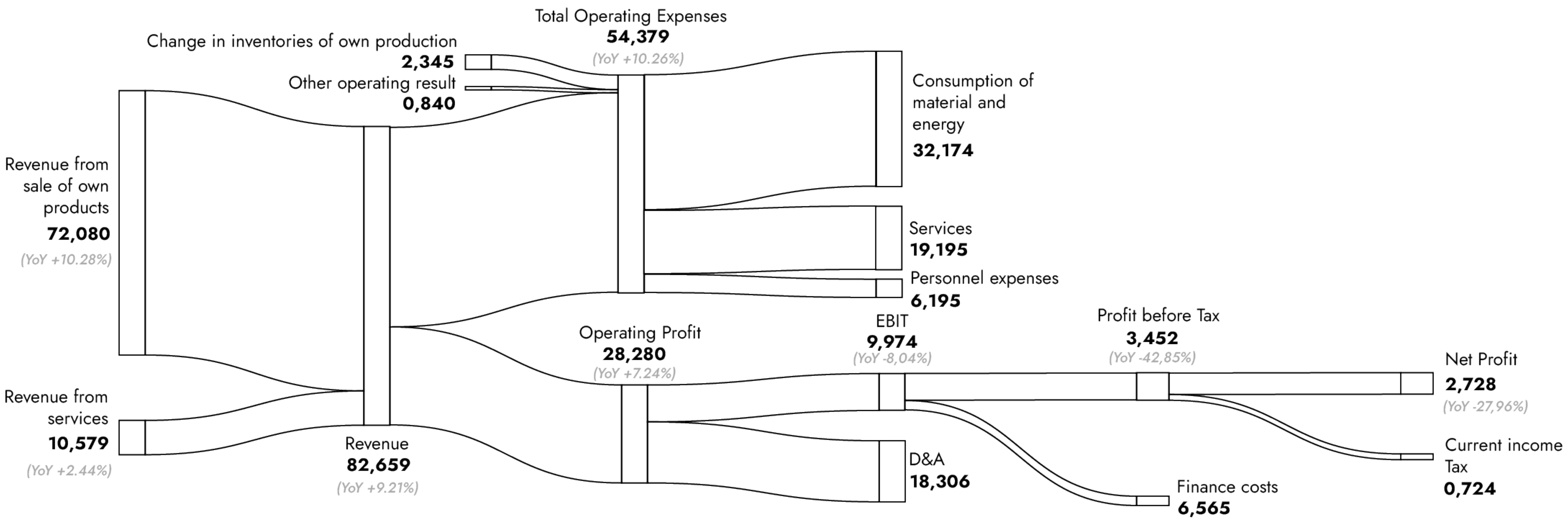
### FINANCIAL ANALYSIS

**Gross Profit and margin expansion.** Gross profit reached EUR 50.5M, growing +19.3% YoY and materially outpacing revenue growth of +9.2%. Gross margin expanded from 55.9% to 61.1%, supported by operating leverage, increasing automation, and a product mix shift toward higher value-added segments including aerospace and defense-related applications.

**Operating Expenses breakdown.** Operating expenses increased +46.8% YoY to EUR 23.4M, primarily reflecting higher services costs associated with ERP implementation, M&A activity, and machinery modifications linked to defense-related projects. Personnel costs increased +9.8% YoY to EUR 6.2M, reflecting wage inflation and headcount adjustments. A meaningful portion of the increase in services costs is associated with ERP implementation, M&A-related advisory work, and defense-related production adjustments, which Gafrik Research treats as largely temporary in nature and therefore included in the EBITDA normalization adjustment.

### HOW COMPANY MAKES MONEY

*Amounts in millions of EUR (IFRS), unless otherwise indicated*




Info: Diagram reflects audited IFRS income statement flows. Operating Profit (EUR 28.3M) equals EBIT plus depreciation and amortization.

**PP&E and investment cycle.** Property, plant and equipment grew +28.2% YoY from EUR 110.5M to EUR 141.7M, reflecting continued organic investment and asset activations within the 2023 - 2026 investment cycle. This acceleration in the asset base directly drives the +17.9% YoY increase in depreciation to EUR 18.3M. New production halls, automation lines and robotics entering operation begin depreciating immediately upon activation - creating the below-the-line pressure that suppresses reported net profit despite strong EBITDA performance.

**Working capital.** Inventories grew +9.2% YoY to EUR 33.9M, broadly in line with revenue growth, indicating stable inventory management relative to the prior year. Receivables grew +6.8% YoY to EUR 35.5M, growing slower than revenues, which signals improving collection efficiency. Cash and equivalents declined from EUR 2.6M to EUR 0.4M, reflecting deliberate reinvestment of all available operating cash flow into the investment cycle. The company relies on stable receivables conversion and credit line access rather than maintaining idle cash reserves.

**Total Debt reclassification.** Total debt increased +99.5% YoY from EUR 47.6M to EUR 94.9M. This figure requires explicit context. The increase is not driven by new external borrowing but by the reclassification of the intercompany loan from GEVORKYAN CZ, s.r.o. of EUR 30.1M from long-term to short-term liabilities, reflecting its maturity date of November 16, 2026. Short-term loans consequently increased from EUR 12.1M to EUR 48.9M while long-term loans declined from EUR 35.2M to EUR 7.2M. The underlying debt quantum is materially unchanged. As disclosed in the Capital Structure section, management has confirmed three refinancing proposals on the table with a decision expected in May 2026.

**Cash flow conversion.** Net cash flows from operating activities reached EUR 26.4M, growing +22.3% YoY and representing a CFO to normalized EBITDA conversion rate of 91%. This is a strong result for a company at the peak of its working capital cycle. Gross CapEx of EUR 33.6M exceeded CFO, resulting in free cash flow of negative EUR 5.9M. This is an improvement from negative EUR 7.0M in FY2024 and confirms the anticipated trajectory toward positive FCF from 2027 onward as CapEx normalizes to maintenance levels of EUR 18 - 22M annually.

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### DEBT STRUCTURE SUMMARY

| | |
|---|---|
| Bonds (LT) | EUR 37.8M |
| Bonds (ST) | EUR 1M |
| Loans & borrowings | EUR 56.1M |
| Lease liabilities | EUR 0.3M |
| Cash | EUR 0.4M |
| Net Debt | EUR 94.6M |
| Net Debt/EBITDA (rep.) | 3.49x |
| Net Debt/EBITDA (norm.) | 3.26x |
| Net Debt/EBITDA (post-ABB) | 2.94x |
| Covenant threshold | 3.5x |

### BOND PORTFOLIO

| | |
|---|---|
| GEVORKYAN 8,50/2028 | EUR 8.4M / CZK 205M |
| Effective rate | *9.47 %* |
| Maturity | July 3, 2028 |
| GEVORKYAN 7,11/2029 | EUR 30M |
| Effective rate | *7.87%* |
| Maturity | March 12, 2029 |
| Covenant status (both) | Compliant |

### PROFITABILITY

| | FY2025 | FY2024 | *Change* |
|---|---|---|---|
| Gross Profit Margin | 61.1 % | 55.9 % | *+5.2pp* |
| EBITDA Margin (rep.) | 32.8 % | 34.8 % | *-2.0pp* |
| EBITDA Margin (norm.)[1] | 35.1 % | - | - |
| EBIT Margin | 12.1 % | 14.3 | *-2.2pp* |
| Net Margin | 3.3 % | 5 % | *-1.7pp* |
| ROE | 5.5 % | 6.4 % | *-1.4pp* |

1 Management referenced a normalized EBITDA margin of 35.4% on the FY2025 investors call; Gafrik Research applies 35.1% based on audited revenue of EUR 82.66M.

### DEBT RATIOS

| | FY2025 | FY2024 | *Threshold* |
|---|---|---|---|
| Net Debt/EBITDA | 3.49x | 3.05x | *<3.5* |
| Debt/Equity | 1.21x | 0.63x | *<1.5* |
| Debt/Capital | 0.55x | 0.39x | *<0.6* |
| EBITDA/Interest[1] | 4.12x | 5.57x | *>3.0* |
| EBIT/Interest [2] | 1.87x | 2.29x | *>2.5* |
| Current Ratio[3] | 0.88x | 1.74x | *>1.5* |

1 EBITDA/Interest of 4.12x confirms strong debt serviceability from operating cash flow

2 EBIT/Interest is below the 2.5x threshold, reflecting elevated depreciation of EUR 18.3M at the peak of the investment cycle

3 Current Ratio is materially distorted by the reclassification of the EUR 30.1M intercompany loan from long-term to short-term liabilities. Excluding this reclassification, adjusted Current

### CAPITAL STRUCTURE AND DEBT ANALYSIS

**Debt structure overview.** As of December 31, 2025, GEVORKYAN, a.s. maintains total financial debt of EUR 94.9M, comprising three components: issued bonds of EUR 38.8M representing the long-term anchor of the capital structure, bank loans and borrowings of EUR 56.1M, and lease liabilities of EUR 0.3M. Net financial debt of EUR 94.6M on normalized EBITDA of EUR 29.0M implies a Net Debt/EBITDA ratio of 3.26x, below the primary covenant threshold of 3.5x. Post-ABB proceeds of EUR 9.4M reduce estimated net debt to EUR 85.2M, bringing Net Debt/EBITDA to an estimated 2.94x and improving the covenant cushion to 15.7%.

**Refinancing - intercompany loan EUR 30.1M.** The most time-sensitive item in the debt structure is the intercompany loan from GEVORKYAN CZ, s.r.o. of EUR 30.1M, classified as a current liability with maturity on November 16, 2026. On the FY2025 investors call, management confirmed three concrete refinancing proposals currently on the table, two for a new bond issuance and one for an amortizing loan, with a final decision and signing expected in May 2026. Total debt levels are not expected to increase as a result. Given the intercompany nature of the obligation and the active refinancing process, Gafrik Research considers this risk in the process of resolution rather than an open credit event.

**Bond portfolio.** The bond portfolio consists of two public issuances. GEVORKYAN 8.50/2028 (ISIN CZ0000001813) is a CZK-denominated issuance of CZK 205M at an effective rate of 9.47% maturing July 3, 2028. GEVORKYAN 7.11/2029 (ISIN CZ0000002159) is a EUR-denominated issuance of EUR 30M at an effective rate of 7.87% maturing March 12, 2029. Both issuances are fully compliant with all financial and non-financial covenants as of December 31, 2025.

**Covenant breach - Komerční banka.** The audited financial statements disclose that as of December 31, 2025, GEVORKYAN, a.s. did not meet the debt service coverage ratio covenant under its loan agreement with Komerční banka, a.s. The company communicated this breach proactively and received a written waiver confirming the bank will not exercise any rights arising from the breach. Active exposure to Komerční banka represents EUR 2.033M in outstanding loans. The company states it has no indications of further covenant breaches during the next 12 months. Gafrik Research assesses this breach as manageable in the context of the investment cycle peak and discloses it in accordance with its full disclosure policy on material facts.

**Coverage and liquidity ratios.** EBITDA/Interest coverage of 4.12x remains comfortably above the covenant threshold of 3.0x, confirming strong debt serviceability from operating cash flow. EBIT/Interest of 1.87x is below the 2.5x threshold, reflecting the mechanical impact of elevated depreciation of EUR 18.3M at the peak of the investment cycle rather than operational weakness. EBITDA/Interest confirms that underlying debt serviceability remains intact. Current Ratio of 0.88x is materially distorted by the reclassification of the EUR 30.1M intercompany loan into current liabilities. Excluding this reclassification, the adjusted Current Ratio would be 1.42x, providing a more representative picture of operational liquidity. Debt/Equity of 1.21x and Debt/Capital of 0.55x remain within acceptable thresholds for a capital-intensive industrial company in an active investment phase.

## GEVORKYAN, a.s. | Central Europe

FY2025 Results

### PEER MULTIPLES

| | P/E | EV/EBITDA |
|---|---|---|
| Sandvik | 22.5 | 18.9 |
| AMETEK | 34.7 | 22.6 |
| Carpenter Tech. | 50.6 | 31 |
| ATI Inc. | 52.9 | 28.1 |
| Kennametal | 16.9 | 9.2 |
| GEVORKYAN | 49.6 | 8.1 |
| **Peer Median** | **34.7** | **22.6** |
| **(Premium)/Discount** | **(43%)** | **-64.2 %** |

*Market data as of May 18, 2026. GEVORKYAN P/E of 49.6x reflects temporarily suppressed net income at the peak of the investment cycle - elevated depreciation of EUR 18.3M and financial costs of EUR 6.6M compress reported earnings despite normalized EBITDA margin of 35.1%. This distortion makes EV/EBITDA the more appropriate valuation metric, on which GEVORKYAN trades at a 64.2% discount to peers. Kennametal EV/EBITDA reflects TTM EBITDA based on the most recently reported four quarters; note that Kennametal's fiscal year ends in June. Carpenter Technology and ATI have re-rated significantly driven by aerospace and defense demand, directionally indicative of where defense-exposed industrials trade upon contract confirmation.*

### SCENARIO

| Scenari | Prob. | EBITDA | Multiple | Target Price |
|---|---|---|---|---|
| Bear | 20 % | EUR 27.1M | 8.5x | EUR 8.13 |
| Base | 60 % | Blended | 9.7x | EUR 12.07 |
| Bull | 20 % | EUR 36.5M | 10.5x | EUR 16.69 |
| Weight | 100 % | | | **EUR 12.21** |

### VALUATION

**Methodology.** Gafrik Research applies the EV/EBITDA peer multiples approach as the primary valuation method for capital-intensive companies at the peak of their investment cycle with negative free cash flow, in accordance with the methodology published at gafrikresearch.com/methodology. The target multiple of 9.7x represents a 57.1% discount to the peer median of 22.6x and remains unchanged from the Initiating Quarter Report. The discount reflects three structural factors: small-cap liquidity (market cap EUR 135M post-ABB versus peers EUR 1.6 to 37bn), CEE exposure, and leverage (Net Debt/EBITDA 2.94x post-ABB versus peers 0.1 to 0.5x). These factors are partially offset by exceptional operating quality, with a normalized EBITDA margin of 35.1% being the highest in the peer group.

Gafrik Research applies a blended valuation framework combining trailing FY2025 normalized EBITDA and forward FY2026 management guidance with equal weighting. The trailing component is based on audited normalized EBITDA of EUR 29.0M, while the forward component applies the lower bound of management's FY2026 EBITDA guidance of EUR 33.0M.

The use of the lower bound of FY2026 guidance reflects a conservative stance following the FY2025 guidance deviation, while equal weighting between trailing audited EBITDA and forward guidance ensures balance between realized performance and forward-looking expectations supported by high contractual revenue visibility.

### VALUATION CALCULATION

| | EBITDA | Multiple | Target EV | Net Debt | Equity Value | Target Price | Weight |
|---|---|---|---|---|---|---|---|
| Trailing FY2025 (norm.) | EUR 29M | 9.7x | EUR 281.3M | EUR 85.2M | EUR 196.1M | EUR 10.98 | 50 % |
| Forward 2026E (guidance low) | EUR 33M | 9.7x | EUR 320.1M | EUR 85.2M | EUR 234.9M | EUR 13.15 | 50 % |
| Blended | | | | | | **EUR 12.07** | 100 % |

**Target Price: EUR 12.07 / CZK 296. Upside: +59.1% versus current price CZK 186. Rating: BUY.**

**Scenario analysis.** Bear case (20% probability) assumes reported audited EBITDA of EUR 27.1M without normalization and multiple compression to 8.5x, simulating a scenario where the refinancing of the GEVORKYAN CZ loan proceeds under less favorable conditions or where Q1 2026 results disappoint. Even in this scenario, the Bear case target of EUR 8.13 implies an upside of +7.2% from current levels, confirming that current valuation already reflects a significant degree of skepticism. Base case (60% probability) applies the blended approach at an unchanged multiple of 9.7x, resulting in a target price of EUR 12.07 and upside of +59.1%. Bull case (20% probability) assumes 2026E EBITDA of EUR 36.5M, above the guidance lower bound and a partial multiple re-rating to 10.5x driven by confirmation of a defense contract with a specific customer and EUR value, Bologna revenue trajectory toward the EUR 30M target, and an earlier than expected FCF inflection. Probability-weighted outcome: EUR 12.14.

### INVESTMENT THESIS REMAINS INTACT

The investment thesis remains supported by three interlinked pillars that collectively define the medium-term risk/reward profile. First, valuation remains undemanding relative to industrial peers, with the market continuing to price GEVORKYAN at a discount despite structurally high normalized profitability and above-peer margin profile. Second, operating performance remains resilient through the ongoing investment cycle, underpinned by revenue visibility exceeding 90% and stable EBITDA generation despite elevated depreciation and financing costs associated with capacity expansion.

Third, the company retains a clear set of identifiable catalysts that have not yet been fully reflected in valuation, including the refinancing of the EUR 30.1M intercompany loan, the upcoming FY2026 guidance update, and the progressive scaling of recently integrated assets alongside early-stage defense-related activities. Together, these factors continue to support an asymmetric risk/reward profile over the medium term.

### CATALYSTS AND RISKS

**CATALYSTS:** Q1 2026 results and updated financial plan (May 19, 2026). Confirmation of revenue and EBITDA growth including initial Bologna contribution removes primary near-term uncertainty. Management indicated existing guidance is conservative with potential for upward revision. Defense certification confirmed. Gevorkyan Force Defense obtained certification for trading in military materials for NATO member states. A specific contract with named customer and EUR value would support partial multiple re-rating toward 12 - 15x. Bologna integration. Target to grow Italian subsidiary revenues from EUR 10M to EUR 30M without material additional investment. Acquisition closed April 22, 2026. First consolidated figures available in FY2026 statements. Refinancing of EUR 30.1M GEVORKYAN CZ loan. Three proposals on the table, decision expected May 2026. Total debt levels not expected to increase. Successful closing eliminates primary short-term refinancing overhang. FCF inflection 2027. CapEx normalizing to EUR 18 - 22M implies positive FCF of EUR 15 - 20M annually from 2027, enabling debt repayment and potential dividends. ESOP introduction. GEVORKYAN introduced an employee share ownership program in early 2026, granting shares to employees based on tenure and contribution, signaling management confidence and supporting retention of key personnel.

**RISKS:** Updated plan below expectations. Management missed FY2025 guidance by 9.7%. Failure to confirm EUR 33M EBITDA 2026E lower bound would reduce blended TP toward trailing-only EUR 10.98. Bologna integration risk. First international acquisition. Consolidated figures unavailable until December 31, 2026. Margin profile and integration costs cannot be independently verified until then. Covenant cushion. Net Debt/EBITDA 2.94x post-ABB leaves 15.7% safety margin against 3.5x threshold. EBIT/Interest of 1.87x remains below 2.5x covenant and sensitive to further depreciation increases. Defense timeline. No contract with specific customer, EUR value or timeline disclosed. Delays maintain defense segment as option value rather than validated growth driver. Refinancing execution. Final terms of GEVORKYAN CZ loan refinancing unknown. Higher interest costs or shorter maturity could compress future FCF generation. Consolidated reporting transition. The first consolidated financial statements incorporating subsidiaries in Slovakia, Poland and Italy will be prepared as of December 31, 2026, with quarterly consolidated reporting commencing from 2027. Until then, Bologna and Polish subsidiary contributions remain unverifiable on a standalone basis.

**CONTACT**

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**GAFRIK RESEARCH ANALYTICAL METHODOLOGY**

Our analytical framework estimates the total expected shareholder return over a 12-month horizon, incorporating price appreciation and potential dividends. The model combines quantitative factors (DCF valuation, peer multiples, financial strength, cash flow generation) with qualitative factors (industry outlook, management execution, catalyst timing). Qualitative analysis is primarily used to challenge and stress-test valuation assumptions, assess execution risk, catalyst credibility, and downside asymmetry, rather than to justify or optimize valuation model outputs. Where qualitative factors do not sufficiently support the underlying valuation assumptions, model inputs are adjusted conservatively or the level of conviction in the resulting rating is reduced.

**Rating Framework**

Gafrik Research uses a 12-month investment horizon for its ratings. Our recommendations are based on the Expected Total Shareholder Return (TSR), which includes share price appreciation and dividend yield.

| Rating | Expected Return (12m) | Criteria & Characteristics |
|---|---|---|
| **BUY** | > +15 % | Significant upside potential with a valid identifiable catalyst within the horizon. |
| **HOLD** | -15 % to +15 % | Fairly valued, or upside > 15 % but lacking near-term catalysts or facing elevated execution uncertainty. |
| **SELL** | < -15 % | Significant overvaluation or material impairment of the fundamental investment thesis. |

**Valuation Approach**

The valuation methodology is tailored to the specific characteristics of the company:

·DCF is the primary method for mature, cash-generative businesses with predictable free cash flows.

·Peer multiples are primarily applied to capital-intensive companies, businesses in an investment phase, or cyclical industries.

·In selected cases, a weighted blended approach is applied, reflecting the relative confidence in each valuation method.

All valuations incorporate scenario analysis (Bear/Base/Bull cases with probability weighting) to assess sensitivity to key assumptions and execution risks.

**Quality Control Process**

Each report undergoes a structured quality control process, including:

· Financial statement analysis and IFRS data verification,

· Management interviews, where applicable,

· Peer benchmarking (minimum of five comparable companies),

· Valuation modeling with sensitivity analysis,

· Risk assessment, covering capital structure, liquidity, execution risk, and market risks.

**Publication Cycle & Rating Validity**

Reports are published on a quarterly basis for covered companies (Initialising Report, Quarterly Reports, Annual Report and special Deep Dive analysis), with ad-hoc updates in the event of material developments.

Ratings remain valid until the next quarterly results or the occurrence of a material event requiring revalidation. Any rating changes are fully disclosed and justified in subsequent reports.

**Independence & Conflicts of Interest**

Issuer-sponsored research, where applicable, is explicitly disclosed.

All analytical views are based solely on independent analysis.

The analyst holds no financial interests in the covered companies.

Compensation is structured as a fixed fee, independent of rating outcomes.

Method selection and weighting reflect the company's business model, capital intensity, and position within the investment cycle, rather than a fixed methodological hierarchy.

Full methodology: www.gafrikresearch.com/methodology

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