

Gafrik Research

Flash Note

March 30, 2026



GEVORKYAN, a.s. | Central Europe

ABB Completion | FY2025 Preliminary Results

COMPANY INFORMATION	
Name	GEVORKYAN, a.s.
Industry	Industrial Machinery & Equipment
Sector	Industrials
Sub-sector	Powder Metallurgy Components
Headquarters	Vlkanová, Slovakia
Employees	188
Exchanges	Prague (Primary) Bratislava
Tickers	GEV.PR 1GVR001E
ISIN	SK1000025322

RATING & TARGET PRICE

Rating	BUY
Target Price	11.01 € 270.80 CZK
Upside	+40.49 %
Prior Rating (Feb 5, 2026)	BUY
Prior Target (Feb 5, 2026)	12.34 € 303.00 CZK

SHARE DATA

Current Price (March 30, 2026)	7.84 € 192.00 CZK
Price (February 5, 2026)	9.71 € 236.00 CZK
IPO Price (June 2022)	10.10 € 248.00 CZK
52-Week High	10.85 € 258.00 CZK
52-Week Low	7.60 € 190.00 CZK
Market Cap	EUR 140M CZK 3,429 bn
Shares Outstanding (post-ABB)	17,857,272
Free Float	30 %
Avg Daily Volume	Low

VALUATION SUMMARY

Method	EV/EBITDA
Peer Median EV/EBITDA (Feb 5, 2026)	21.5
Discount	-64 %
Target Multiple	9.7
EV/EBITDA (March 30, 2026)	7.8
Applied Target Discount	-55 %

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: Flash Note / Ad Hoc Rating Update
Methodology: www.gafrikresearch.com/methodology
Rating Validity: Until Annual Report (April 30, 2026) or material event

Gafrik Research s.r.o.
Dipl. Ing. Miroslav Gafrik
EQUITY ANALYST
mirogafr@gafrikresearch.com

EVENT SUMMARY

Gafrik Research publishes this Flash Note in accordance with its rating validity policy as a response to two material events: the successful completion of an Accelerated Book Building (ABB) on March 18-19, 2026, and the publication of preliminary unaudited FY2025 results on March 10, 2026. Both events qualify as material events under Gafrik Research methodology (Section 6), requiring the issuance of an Ad Hoc Rating Update.

The ABB placed 1,200,000 new shares at an issue price of CZK 192 / EUR 7.84 per share, raising CZK 230,400,000 (EUR 9,404,849). WOOD & Company Financial Services acted as Sole Global Coordinator and Bookrunner, with A&O Shearman and Havel & Partners providing legal counsel. The transaction was fully subscribed, confirming institutional demand in a volatile market environment. This ABB marks the first follow-on equity transaction in the history of the Prague Stock Exchange for any company that transitioned from the START market to the Prime Market: a benchmark moment for CEE capital market development.

Preliminary FY2025 results confirm continued execution of the investment cycle: revenues of EUR 84.1M (+11.1% YoY) exceeded management guidance, while normalised EBITDA of EUR 29.04M (+10.1% YoY) met guidance at 97%. The EBITDA margin of 34.5% remains the highest in the peer group. Reflecting the 7.2% equity dilution from the ABB and the slightly lower-than-expected EBITDA base, we adjust our Target Price to EUR 11.01 / CZK 270 (from EUR 12.34). Despite this adjustment, Gafrik Research affirms its BUY rating, as the current market price represents a significant undervaluation. The final target price will be confirmed following the publication of the audited Annual Report (April 30, 2026).

ABB: ANALYTICAL COMMENTARY

Transaction mechanics. The ABB was structured as a private placement exclusively for institutional investors. WOOD & Company, acting as the authorised securities dealer (OCP), first sold existing shares to selected investors (the secondary leg), while simultaneously subscribing for new shares directly from GEVORKYAN at the same issue price. The proceeds from the new share subscription flow entirely to the Company. This structure explains why WOOD & Company reported a temporary holding of 7.20% voting rights on March 19, 2026, which resolved to 0.0003% by the settlement date of March 23, 2026, once all new shares were allocated and the transaction was fully settled.

The issue price of CZK 192 / EUR 7.84 represented an 18% discount to the pre-announcement reference price of CZK 234. This discount is standard for institutional ABB transactions involving small and mid-cap issuers in elevated volatility conditions, compensating investors for the speed of the decision and the absence of a full due diligence process. While this 18% placement discount is a technical market-clearing price, it has widened the overall valuation gap to global peers to an extreme 64% (EV/EBITDA), reinforcing the BUY case. It does not reflect a fundamental valuation signal.

Capital structure impact. ABB proceeds of EUR 9.4M reduce estimated net debt from EUR 94.4M (as of December 31, 2025, pre-ABB) to an estimated EUR 85.0M, bringing Net Debt/EBITDA from 3.25x to an estimated 2.93x post-ABB. This moves the Company materially closer to management's stated target of Net Debt/EBITDA below 3.0x ahead of the 2027 schedule and strengthens the covenant cushion above the 3.5x threshold. Founder Dipl.-Ing. Artur Gevorkyan retains 69.94% of voting rights post-ABB. Free float increases to approximately 30%, reducing the structural liquidity discount embedded in the valuation multiple and improving institutional accessibility.

Use of proceeds. Management explicitly confirmed five purposes: financing of the Bologna (Italy) manufacturing acquisition, further development of production capacities, robotisation and automation investments, technological innovation, and strengthening of position in international markets. None of these purposes indicates distress financing. The ABB was executed at the final stage of the 2023 - 2026 investment cycle, precisely when strategic capital deployment generates the highest long-term return on equity. This is expansion capital, not distress financing.

FY2025 PRELIMINARY RESULTS: ANALYTICAL COMMENTARY

Revenue. Revenue of EUR 84.1M (+11.1% YoY) exceeded the plan and represents a CAGR of 13% since the IPO in June 2022. Growth was driven by a combination of three factors: long-term contracts with 90%+ revenue visibility, an increase in defense-related projects, and the contribution of three asset acquisitions completed in 2024–2025. Product revenue increased by +12.5% YoY to EUR 73.5M, while service revenue grew by +2.4% to EUR 10.6M.

EBITDA and normalization. Reported EBITDA of EUR 28.07M (+6.4% YoY) was normalized by EUR 0.97M of one-off costs: ERP system implementation and administrative process automation, M&A due diligence in Italy and Poland including valuation and legal expenses, and modifications of machinery intended for defense industry projects. Gafrik Research considers this normalization analytically justified — all three items are non-recurring and directly linked to the investment cycle and strategic expansion. Normalized EBITDA of EUR 29.04M (+10.1% YoY) reached 97% of management guidance (minimum EUR 30M). The shortfall versus Gafrik Research's original estimate of EUR 30.7M (difference of EUR 1.66M, -5.4%), which, together with the ABB dilution, is the primary reason for our Target Price adjustment to EUR 11.01. Despite the slight shortfall, the normalized EBITDA margin of 34.5% remains industry-leading and supports our investment thesis.

Below-the-line pressure. EBIT declined to EUR 9.81M despite EBITDA growth, as a direct result of a +17.6% YoY increase in depreciation to EUR 18.26M. This increase reflects the activation of assets from the 2023–2026 investment cycle — new production halls, automation lines, and robotics entering operation and beginning to depreciate, which is a mathematically inevitable consequence of completing the capex program. Financial costs rose to EUR 6.48M (from EUR 5.20M) due to bond refinancing in 2024, when the company replaced a repaid EUR 10M bond with a 4.70% coupon with a new EUR 30M bond carrying an effective rate of 7.89%. The 44.2% YoY decline in EBT is solely attributable to these two factors — not operational weakness. Net income of EUR 2.90M reflects the same effects.

Outlook 2026–2029. Management confirmed revenue CAGR of 10–17.5% and EBITDA CAGR of 10–20% for the 2026 - 2029 period, while explicitly indicating an upcoming upward revision of this plan — driven by the Italian acquisition, confirmed orders, and favorable trends in the defense segment. Gafrik Research will incorporate the revised plan into its update following the Annual Report (April 30, 2026).

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PEER MULTIPLES

	P/E	EV/EBITDA
Sandvik	22.2	20.9
AMETEK	29.5	28.0
Carpenter	29.5	21.6
ATI	24.9	19.4
Kennametal	17.2	13.4
GEVORKYAN	25.6	7.8
Peer Median	24.9	21.5
Upside/(- Downside)	2.8 %	-63.7 %

Note: Peer data as of February 5, 2026. Full update in Annual Report (April 30, 2026).

EV/EBITDA VALUATION

Discount	-55 %
Target Multiple	9.7
FY2025 EBITDA (Preliminary)	29,040,000 €
Target EV	281,688,000 €
- Net Debt	85,000,000 €
= Equity Value	196,688,000 €
Target Price	11.01 €
Upside/(- Downside)	40.49 %

Note: Financial data based on FY2025 Preliminary results. Market data as of March 27, 2026.

SCENARIO ANALYSIS

	Target	Prob.
Bear	242 CZK 9.87 €	20 %
Base	270 CZK 11.01 €	60 %
Bull	302 CZK 12.30 €	20 %
Weighted	271 CZK 11.04 €	100 %

VALUATION UPDATE

The methodology remains unchanged: an EV/EBITDA peer multiples approach, with a target multiple of 9.7x representing a 55% discount to the peer group median of 21.5x. This discount remains conservatively set and reflects three structural factors: small-cap liquidity (estimated market cap of EUR 140M vs. peers at EUR 1.6 - 37bn), CEE exposure, and leverage (Net Debt/EBITDA of 2.93x post-ABB vs. peers at 0.1–0.5x). These factors are partially offset by exceptional operating quality — an EBITDA margin of 34.5%, the highest in the peer group and +49% above the median.

The indicative target price of EUR 11.01 / CZK 270 is based on normalized EBITDA of EUR 29.04M at a 9.7x multiple, implying a Target EV of EUR 281.7M. After deducting estimated Net Debt post-ABB of EUR 85.0M and dividing by 17,857,272 shares, we arrive at an Equity Value of EUR 196.7M / EUR 11.01 per share. The decline from the previous target price of EUR 12.34 has two drivers: a slightly lower EBITDA base (-EUR 1.66M vs. estimate) and dilution from the ABB, partially offset by a reduction in net debt from issuance proceeds.

At the current price of CZK 192 (EUR 7.84), the implied upside reaches +40.49%, significantly exceeding the BUY threshold of +15% and positioning the company within a strong asymmetric risk/reward profile.

SCENARIO ANALYSIS

Bear case (20% probability) — TP EUR 9.87 / CZK 242. Assumes the use of reported (non-normalized) EBITDA of EUR 28.07M and a conservative multiple of 8.5x, simulating a scenario where audited figures reveal additional one-off items beyond the declared normalization, or where Q4 results disappoint. Even in this scenario, downside from the current price is minimal — the target of EUR 9.87 is only marginally above the current price, confirming that the current valuation at 7.7x EV/EBITDA already reflects a high degree of skepticism.

Base case (60% probability) — TP EUR 11.01 / CZK 270. Assumes normalized EBITDA of EUR 29.04M and an unchanged target multiple of 9.7x. This scenario reflects a situation where audited figures confirm preliminary results without material deviations and where management publishes a revised 2026 - 2029 financial plan in line with the indicated upward revision.

Bull case (20% probability) — TP EUR 12.30 / CZK 302. Assumes a modest post-audit beat (EBITDA of EUR 30.5M) and a partial re-rating of the multiple to 10.5x, which could occur through a combination of publishing a specific defense contract with defined EUR value and timeline, confirmation of FCF inflection in 2026 instead of 2027, and an upward revision of the plan with EBITDA CAGR closer to the 20% upper bound. This scenario is not the base assumption, but neither is it speculative — each of its catalysts is identifiable and time-bound.

Probability-weighted outcome: EUR 11.04 / CZK 271.

WHY BUY REMAINS

The +40.49% upside to the indicative target price significantly exceeds the BUY threshold. Even the Bear case implies only minimal downside from the current price — the risk/reward asymmetry is currently strongly skewed to the upside. The company's fundamentals remain intact: revenue grew by +11.1%, the EBITDA margin of 34.5% remains the highest in the peer group, and an EBITDA CAGR of 16% since IPO confirms consistent execution. Below-the-line pressure from higher D&A and financial costs was fully anticipated in the initiation report dated February 5, 2026, and is a direct consequence of the investment cycle, not operational weakness.

From a long-term perspective, the ABB is a positive development for the investment thesis: full subscription in a volatile environment confirms institutional demand, a higher free float (estimated at 30%) reduces the structural liquidity discount, and an improved capital structure post-ABB lowers refinancing risk ahead of bond maturities in 2028–2029. The share price decline from CZK 234 to CZK 192 is a mechanical reaction to dilution and ABB-related pricing uncertainty — not a change in the underlying fundamentals.

Remaining catalysts are identifiable and time-bound: the audited annual report (April 30, 2026), the anticipated upward revision of the financial plan, and the potential announcement of a defense contract with a specific customer, EUR value, and timeline. The last point in particular — if realized — could add EUR 1.50 - 2.00 to the target price and move GEVORKYAN closer to the typical valuation range of high-margin small-cap industrials at 12 - 15x EV/EBITDA.

CONTACT

Gafrik Research s.r.o.
 Independent Equity Research
 T. G. Masaryka 349/13
 984 01 Lučenec, Slovakia
 Europe Union

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.

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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.

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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

ANALYST

Dipl. Ing. Miroslav Gáfrik

Equity Analyst

mirogafrik@gafrikresearch.com

www.gafrikresearch.com

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Analyst Name: Dipl. Ing. Miroslav Gáfrik

Date: March 30, 2026

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