

Gafrik Research

Initiating Quarter Report

9M 2025

February 5, 2026



GEVORKYAN, a.s. | Central Europe

9M 2025

COMPANY INFORMATION		PRICE (CZK)	TARGET PRICE 303 CZK
Name	GEVORKYAN, a.s.		
Industry	Industrial Machinery & Equipment		
Sector	Industrials		
Sub-sector	Powder Metallurgy Components	IPO PRICE 248 CZK	
Headquarters	Vlkanová, Slovakia	CURRENT PRICE 240 CZK	
Employees	188		
Exchanges	Prague (Primary) Bratislava		
Tickers	GEV.PR 1GVR001E		
ISIN	SK100002532		
RATING & TARGET PRICE		Volume (mil. CZK)	
Rating	BUY		
Target Price	12.34 € 303.00 CZK	Source: Prague Stock Exchange Edit: Gafrik Research	
Upside	+26.2 %		
Prior Rating	N/A (Initial)		
Prior Target	N/A		
SHARE DATA			
Current Price (Feb 5, 2026)	9.78 € 240.00 €		
Price (Sept 30, 2025)	8.96 € 220.00 CZK		
IPO Price (June 2022)	10.10 € 248.00 CZK		
52-Week High	11.32 € 278.00 CZK		
52-Week Low	8.47 € 208.00 CZK		
Market Cap (Million)	162.90 € 3,997.70 CZK		
Shares Outstanding	16,657,272		
Free Float	17.6 %		
Avg Daily Volume	Low		
VALUATION SUMMARY			
Method	EV/EBITDA		
Peer Median EV/EBITDA	21.5		
Discount	-55 %		
Target Multiple	9.7		
EV/EBITDA (Sept 30, 2025)	7.9		
EV/EBITDA (current)	8.3		
Discount (Sept 30, 2025)	-63 %		
Discount (current)	-61 %		
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: Initialising Report Methodology: www.gafrikresearch.com/methodology Rating Validity: Until Q4 2025 results (April 2026) or material event			
Gafrik Research s.r.o. Dipl. Ing. Miroslav Gáfrik EQUITY ANALYST mirogafr@k@gafrikresearch.com			
		RATING INITIATION	
		First Quarter Report under the new Gafrik Research methodology (January 2026, www.gafrikresearch.com/methodology). We initiate coverage of GEVORKYAN with a BUY rating, supported by an attractive valuation (+26% upside to fair value of €12.34), strong operating fundamentals (EBITDA margin of 36.2% versus peer average of 23.2%), and clear catalysts (Q4 delivery and defence contract disclosure).	
		INVESTMENT THESIS	
		GEVORKYAN is a quality small-cap industrial at the final stage of its 2023–2026 investment cycle (€60–80m CapEx), with the highest EBITDA margin in the peer group (36.2% versus a median of 23.2%) and a clear path to an FCF inflection in 2027 (€15–20m annually). The company trades at a significant discount (current EV/EBITDA of 8.3x versus peer median of 21.5x) due to small-cap liquidity constraints and temporary leverage, despite top-tier operating fundamentals. The BUY rating reflects a 55% discount to the peer median (target multiple 9.7x, target price €12.34, upside +26%), justified by small-cap and CEE factors but excessive in light of exceptional margins (#1) and productivity (#3). Value realization should follow confirmation of Q4 execution (April 2026) and defence contract disclosure validating €50m+ potential.	
		RECENT DEVELOPMENTS	
		Financial performance: Revenues reached €63.5m (+8.7% YoY) with EBITDA of €23.0m (+17.2% YoY) at a margin of 36.2%. Growth was driven by long-term contracts with 90%+ revenue visibility and asset acquisitions (c. €2m contribution). Management increased FY2025 guidance to a minimum of €30m EBITDA from the previous €26m, implying strong acceleration in Q4. Strategic initiatives: Three asset acquisitions executed in 2024–2025 (Italian machinery and tooling) optimised the production footprint. The 2023–2026 investment cycle (€60–80m) is nearing completion, with annual CapEx of €25m in 2025–2026 declining to maintenance levels of €18–22m from 2027 onward. The FCF trajectory is improving from -€8.6m in FY2024 to an estimated -€2m in 9M 2025, with positive FCF of €15–20m per year expected from 2027. Defence pivot: The GEVORKYAN Force Defence subsidiary (G-FD) formalised the company's entry into the defence segment in Q3 2025. AS9100/AQAP2110 certifications are at an advanced stage (12–24 months). The defence backlog/pipeline represents €50m+ in annual potential (equivalent to 60%+ of current revenues) upon successful ramp-up in 2027–2028.	
		CATALYSTS & RISKS	
		CATALYSTS (value realisation)	
		·Q4 2025 guidance met or exceeded (results in April 2026) – confirms execution capability, removes the primary near-term risk, and supports multiple expansion toward the typical 12–15x range for high-margin small-cap industrials.	
		·Tangible defence contract announcement with a specific customer, EUR value, and timeline – validates €50m+ in annual revenue potential (60%+ of current revenues), transforms a broadly defined opportunity into a concrete growth driver, and adds €1.50–2.00 to the target price.	
		·Earlier FCF inflection (positive in 2026 rather than 2027) – signals superior capital discipline, enables faster deleveraging, and supports further multiple re-rating.	
		RISKS (downgrade triggers)	
		·Q4 miss or guidance cut – execution credibility impaired, increased inventory write-down risk (DIO 369 days).	
		·Defence project delays – certification timelines extended (AS9100/AQAP 12–24 months), potential customer loss, revenue ramp pushed to 2028+.	
		·Covenant breach – Interest Coverage <2.5x or Net Debt/EBITDA >3.5x triggering acceleration clauses.	
		·Liquidity event – adverse working capital swings, unexpected CapEx, or refinancing difficulties (no clearly disclosed plan for €60–70m refinancing in 2028–2029).	

GEVORKYAN, a.s. | Central Europe

9M 2025

BUSINESS DESCRIPTION

GEVORKYAN, a.s., established in 1996, is a European leader in the production of metal components using powder metallurgy, sintering, additive manufacturing, metal injection molding and 3D printing technology. The company possesses unique know-how and a top-tier research and development department, which forms the foundation for its product development.

INDUSTRY POSITION

Technology	PM, MIM, HIP, AM, 3D print
End-Market Segments	Industrial & Manufacturing Automotive, Agriculture & Mobility Aerospace, Defence & Security Energy & Oil Services Healthcare & Life Sciences Consumer & Lifestyle
Regions	EU, Northern America, Latin America, Asia
Contract Visibility	90 % +/-year
Employees	188
Automation	80 robots

GEVORKYAN, a.s.

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Slovakia, Europe Union

<https://ir.gevorkyan.eu/>**RATING RATIONALE**

The BUY rating is based on a combination of attractive valuation with a margin of safety, exceptional operating fundamentals, and a clear path to value realization.

Valuation offers an attractive entry point

The target price of €12.34 (+26% upside from the current price of €9.78) is derived from a peer multiples approach applying a 9.7x EV/EBITDA multiple, representing a 55% discount to the peer median of 21.5x. GEVORKYAN currently trades at 8.3x (as of 5 February 2026), implying a 61% discount - excessive given the company's operating quality.

Why is a 61% discount excessive? Comparable high-margin small-cap industrials typically trade at 12 - 15x EV/EBITDA, implying a 40 - 50% discount to large-cap peers. At 8.3x, GEVORKYAN implies an additional 15 - 20% "excess discount" beyond what is justified by small-cap size, CEE exposure, and leverage. The target multiple of 9.7x (55% discount) remains conservative — narrowing toward the typical high-margin small-cap range of 12–15x would imply a further 25 - 50% upside.

A 55% discount is both justified and conservative. Three factors support it:

small-cap liquidity (market cap €163m vs. peers €1.6 - 37bn, free float 17.6%, limited trading volumes), CEE exposure (58% of revenues from the EU/CEE region, traditionally valued at a discount), and leverage (Net Debt/EBITDA 3.0x vs. peers at 0.1 - 0.5x).

This discount is partially offset by exceptional operating performance - an EBITDA margin of 36.2%, the highest in the peer group (+56% versus median), and productivity of €338k per employee, the third-highest (+18% versus median). This quality justifies a 10% premium multiple, reducing the net discount to the applied 55%.

Operating fundamentals are top-tier

The EBITDA margin of 36.2% (9M 2025) is not only the highest in the peer group but even exceeds AMETEK (31.5%), widely regarded as a high-quality premium industrial. Contract visibility of 90%+ provides stable revenues and pricing over multiple years, reducing demand volatility risk typical for industrial companies. Productivity of €338k revenue per employee (#3 among peers) is driven by high automation (80 robots for 188 employees), digitalisation, and custom engineering with high value-added content.

Defence projects represent a significant growth option. Potential annual revenues of €50m+ (60%+ of current revenues) via the GEVORKYAN Force Defence subsidiary upon a successful ramp-up in 2027–2028 are not yet reflected in valuation due to the absence of disclosed contracts. This represents option value - if realised, it adds €1.50 - 2.00 to the target price. If not, the core business still generates solid returns.

The 2023–2026 investment cycle (€60 - 80m CapEx) is nearing completion. From 2027 onward, we expect maintenance CapEx to stabilise at €18 - 22m and positive FCF of €15 - 20m annually, available for debt repayment and potentially dividends. This FCF inflection point transforms GEVORKYAN from a capital-consuming growth story into a cash-generative quality industrial.

The path to value realization is clear

Two key milestones unlock value. The first is Q4 2025 execution (results in April 2026) - delivery of €30m+ EBITDA guidance removes the main near-term execution risk and confirms management's ability to deliver on aggressive targets. The second is tangible defence contract disclosure with a specific customer, EUR value, and timeline - transforming vague potential into a validated catalyst and adding credibility to the €50m+ revenue opportunity.

The +9% share price appreciation since 30 September (CZK 220 → CZK 240 as of 5 February) partially reflects improving sentiment, but significant upside to fair value of €12.34 remains. Current market pricing at 8.3x EV/EBITDA still implies a high degree of scepticism - regarding Q4 execution, defence materialisation, or both. This scepticism creates an attractive risk/reward for investors willing to back management's execution capability.

What could derail the investment case

Key risks are clearly identifiable. Tight liquidity (cash €0.4m, covenant cushion 17%) leaves a minimal buffer — any operational shock or working capital swing could trigger liquidity stress. Q4 is a make-or-break quarter, with guidance implying +18–46% YoY growth, requiring flawless execution. Refinancing of €60 - 70m in 2028 - 2029 lacks a disclosed plan, although expected positive FCF from 2027 should enable partial repayment ahead of maturity. Defence projects depend on AS9100/AQAP certifications (12–24 months) and concrete customer wins - delays would push the revenue ramp to 2028+.

However, these risks are addressable and resolvable, not structural. Liquidity is tight during the peak investment phase but improves post-2027. Q4 execution is a testable event (results in April 2026). Defence timing is uncertain, but the probability of success is high given management's track record and existing customer relationships.

Why BUY, not HOLD

The +26% upside provides a sufficient margin of safety given the identified risks. Scenario analysis shows limited downside — even a pessimistic case (Q4 miss, multiple compression to 8.0x) yields a target of €9.87, only +1% above the current price. A conservative scenario (9.0x multiple, €30m EBITDA) implies €11.17 (+14%). The base case (€12.34, +26%) and optimistic case (€14.26, +46%) offer an asymmetric risk/reward profile skewed toward upside.

Business quality is high — top-tier margins, strong productivity, a stable contract base, and a clear FCF inflection path.

Management has a proven delivery track record (guidance upgraded twice in 2025). The defence pivot adds meaningful option value. Current pricing at 8.3x EV/EBITDA reflects excess scepticism not justified by fundamentals.

Value-realisation catalysts are near-term and identifiable, Q4 results in April 2026 and potential defence disclosure in H1 2026.

This is not long-dated hope, but a set of concrete events in the coming months.

GEVORKYAN, a.s. | Central Europe

9M 2025

INCOME STATEMENT (mil. EUR)

	9M '25	9M '24	YoY
Revenue	63.52	58.43	+8.71%
COGS	23.99	24.56	-2.32%
Gross Profit	39.53	33.87	+16.71%
Operating Expenses	16.54	14.25	+16.07%
EBITDA	22.99	19.62	+17.18%
D&A	14.15	11.29	+25.33%
EBIT	8.84	8.33	+6.12%
Interest Expense	3.03	2.83	+7.07%
EBT	5.81	5.50	+5.64%
Net Profit	4.42	4.35	+1.61%

BALANCE SHEET (mil. EUR)

	9M '25	9M '24	YoY
Total Assets	207.97	185.22	+12.28%
PP&E	127.2	110.53	+15.08%
Intangibles	10.98	11.225	-2.18%
Inventories	33.52	27.82	+20.49%
Receivables	35.2	32.23	+9.22%
Cash & Equiv.	0.39	2.71	-85.61%
Total Liabilities	128.65	109.26	+17.75%
Equity	79.32	75.96	+4.42%
Total Debt	92.92	83.15	+11.75%
Net Debt	92.53	80.44	+15.03%

PROFITABILITY

	9M '25	9M '24	Change
Gross Profit Margin	62.2 %	58.0 %	+4.2pp
EBITDA Margin	36.2 %	33.6 %	+2.6pp
EBIT Margin	13.9 %	14.3 %	-0.4pp
Net Margin	7.0 %	7.4 %	-0.4pp
ROE (a)	7.4 %	7.6 %	-0.2pp
ROA (a)	2.8 %	3.1 %	-0.3pp

DEPT

	9M '25	9M '24	Threshold
Net Debt/EBITDA (a)	3.02	3.07	<3.5
Debt/Equity	1.17	1.09	<1.5
Debt/Capital	0.54	0.52	<0.6
EBITDA/Interest	7.59	6.93	>3.0
EBIT/Interest	2.92	2.94	>2.5
Current Ratio	2.04	2.51	>1.5
Quick Ratio	1.06	1.41	>1.0
Cash Ratio	0.01	0.11	>0.2

(a) - annualized

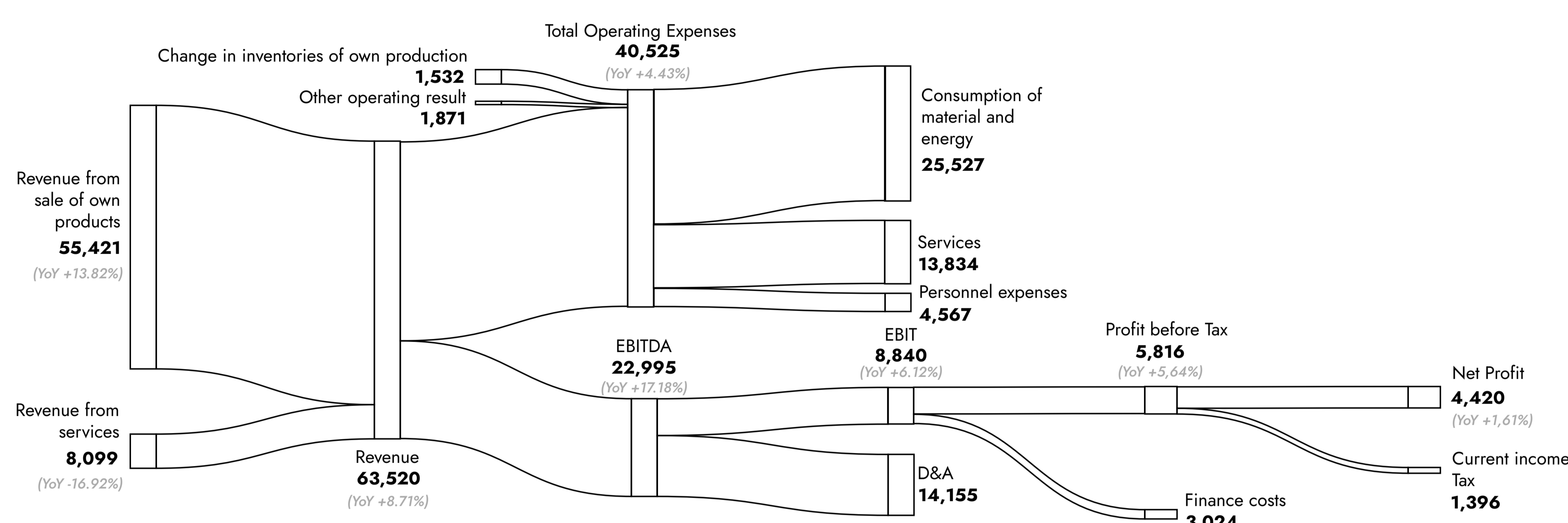
All financial data complies with IFRS standards

FINANCIAL ANALYSIS

GEVORKYAN achieved revenues of €63.5m in 9M 2025 (+8.7% YoY). Growth is consistently driven by contracts providing over 90% visibility for years ahead and three asset acquisitions executed during 2024-2025, which contributed approximately €2m to 9M 2025 revenues. The company operates on a proprietary development basis, developing approximately 200 new products annually with customers financially participating in development through advance payments. Management raised FY2025 guidance to a minimum of €30m EBITDA from the original €26m, implying strong Q4 acceleration needed to meet the full-year target.

HOW COMPANY MAKES MONEY

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



EBITDA grew YoY by +17.2% to €22.9m at a 36.2% margin, significantly above the average for industrial suppliers (28-35%) and comparable to technology companies thanks to the high share of proprietary development. Gross Profit Margin improved from 58.0% to 62.2% (+4.2pp), indicating strong pricing power and improved manufacturing efficiency. This margin expansion results from three factors: economies of scale from higher capacity utilization at the new production hall and automation (the company has 80 robots for 188 employees), product mix shift toward higher value-added segments such as defense and aerospace, and robotization reducing direct labor costs per unit.

Despite strong EBITDA growth, net profit increased only +1.6% to €4.4m, pressured by high depreciation and interest costs. Depreciation increased YoY by +25% to €14.2m (annualized €18.9m), reflecting the ongoing capital-intensive investment cycle (2023-2026) focused on automation, robotization and a new production hall with total investment volume of €60-80m. Interest costs increased YoY by +7% to €3.0m (annualized €4.0m, approximately 13% of EBITDA) due to the issuance of a new bond in 2024, when the company replaced a maturing €10m bond with a 4.70% coupon with a new €30m bond with a higher 7.11% coupon and an effective rate of 7.89%. Interest coverage (EBIT/Interest) of 2.92x is above the covenant threshold of 2.5x with a 17% safety cushion. EBITDA/Interest of 7.59x demonstrates significantly stronger ability to service debt from operating cash flow. Management expects significant profitability improvement from 2027, when CapEx will decline to maintenance levels of €18-22m annually, depreciation stabilizes, and new assets reach full productivity.

PP&E increased YoY by +15% to €127.2m (61% of total assets), reflecting ongoing organic investments and asset acquisitions within the investment cycle. Inventories increased YoY by +20% to €33.5m, significantly faster than revenues, which management justifies by building inventory for confirmed orders in Q4 and Q1 2026. Each new product requires specific tooling and setup, which ties up capital during the lengthy production process in powder metallurgy with typical cycles of 3-6 months. Cash declined from €2.7m to €0.4m (-85%), indicating aggressive reinvestment of all available cash flow into growth. The company deliberately minimizes cash reserves and relies on stable conversion of receivables to cash and access to credit lines, which requires disciplined working capital management.

Net Debt/EBITDA of 3.02x is practically at management's stated target of ≤3.0x by 2029, achieved through strong EBITDA growth that offset the debt increase. The debt structure consists of €38m in bonds maturing 2028-2029 (effective rates 7.89-9.47%), €48m in bank loans (estimated 5-6%), and €6.8m in leases. Debt/Equity of 1.17x and Debt/Capital of 53.9% remain within acceptable thresholds for capital-intensive industry. Refinancing of €60-70m in the 2028-2029 horizon represents a potential risk, but is mitigated by strong EBITDA growth (pace of +17% gradually reducing leverage ratio) and expected positive Free Cash Flow from 2027, which will enable partial debt repayment before maturity.

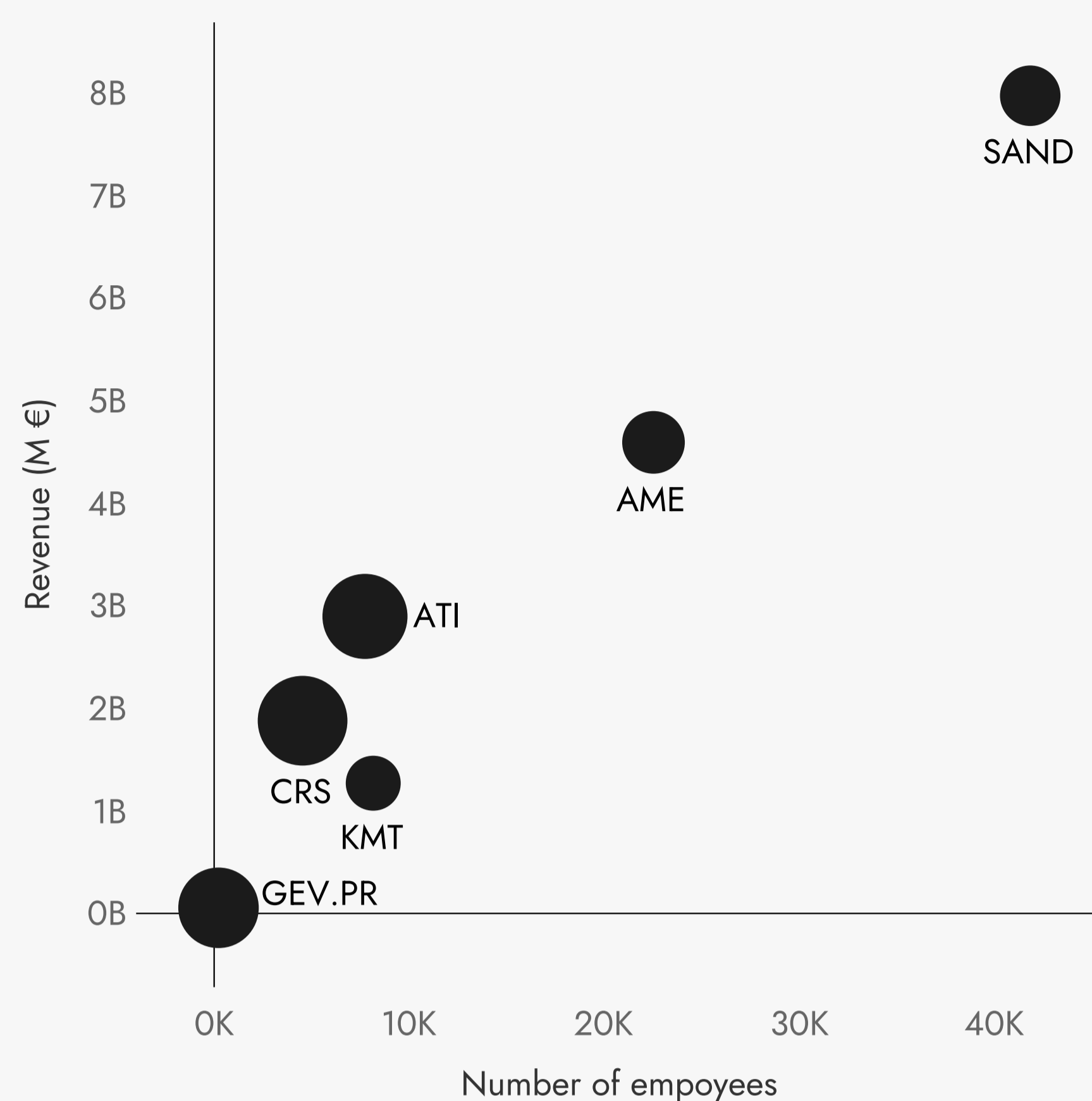
Free Cash Flow remained negative, which is typical for a capital-intensive investment phase, but the trajectory is improving significantly – from -€8.6m in FY2024 to an estimated -€2m in 9M 2025. Management guides CapEx at approximately €25m annually for 2025-2026, with this figure referring to organic investments and excluding asset acquisitions. From 2027, CapEx is expected to decline to maintenance levels of €18-22m annually, which at EBITDA of €40m+ implies positive FCF at levels of €15-20m annually. This cash flow would be allocated to debt repayment, further reducing the leverage ratio, and potentially to dividends, with management preparing a dividend policy for 2026+.

ROE of 7.4% and ROA of 2.8% remain below target levels of 10% and 5% respectively, which is characteristic of a capital investment phase. Low asset turnover reflects the fact that new assets have not yet reached full utilization. Improvement in these metrics is expected by 2027, when investments reach full productivity and the company begins to reap the benefits of expanded capacity, which is dimensioned for approximately double the revenues compared to current levels.

Financial results for 9M 2025 confirm the ongoing execution of the investment cycle with manageable leverage (Net Debt/EBITDA 3.02x practically at target ≤3.0x) and significantly improving FCF trajectory. Rating BUY reflects attractive valuation (current EV/EBITDA 8.3x represents 61% discount to peer median 21.5x, target 9.7x at €12.34 implies +26% upside) supported by exceptional operating performance (EBITDA margin 36.2% highest in peer group) and clear value realization path through Q4 execution and defense contract disclosure. Key risks include tight liquidity (Cash Ratio 0.01x), Q4 execution dependency, and refinancing overhang €60-70m (2028-2029), which are priced into current excessive discount.

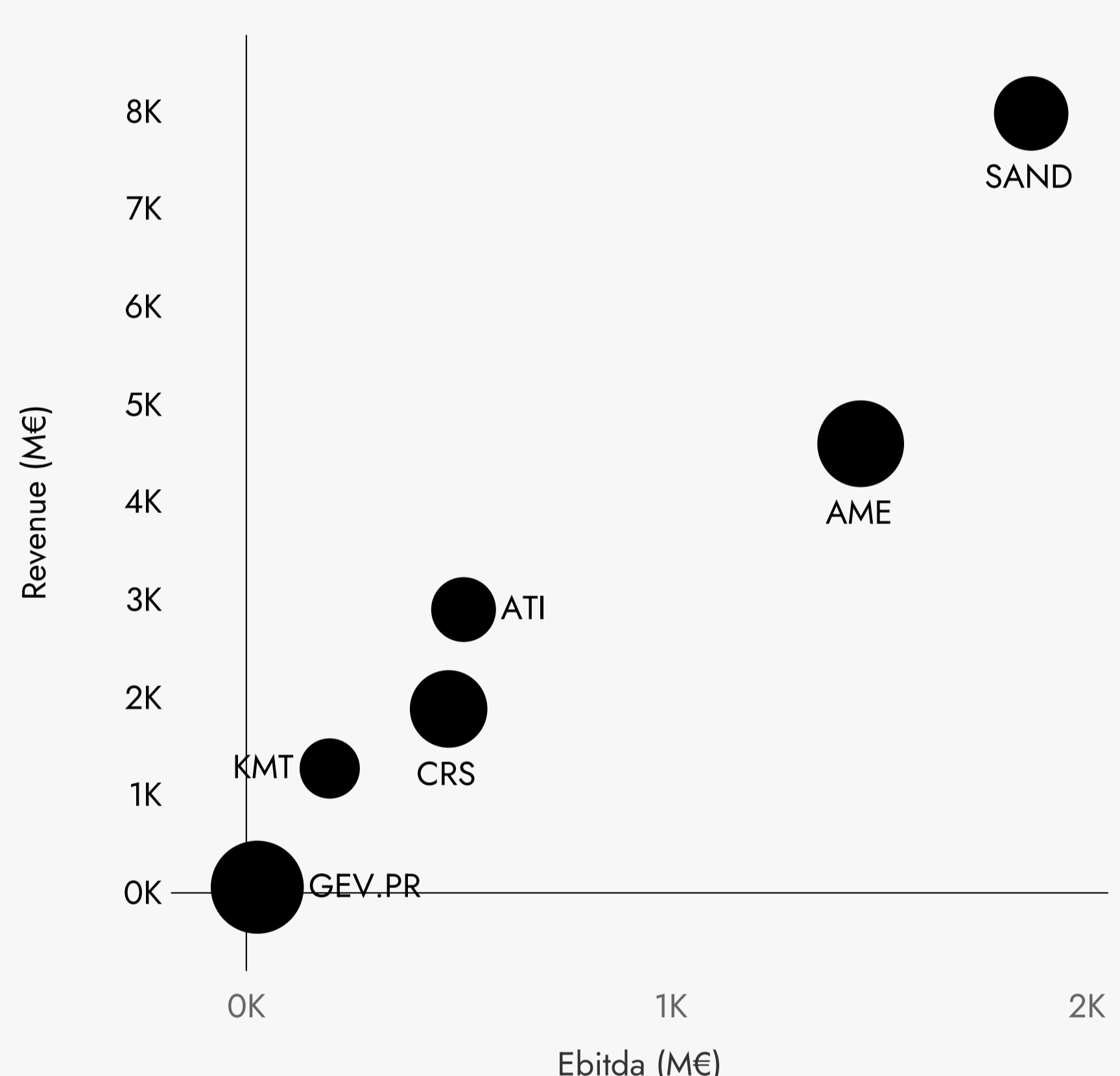
PEER GROUP ANALYSIS

REVENUE AND EMPLOYEES



GEVORKYAN achieves third-highest productivity in peer group at EUR 337.9k revenue per employee (9M 2025), +17.5% above peer median EUR 287.5k, outperforming larger competitors like Sandvik (EUR 190.9k) and AMETEK (EUR 204.6k). Only ultra-high-value specialty metals producers Carpenter Technology (EUR 419.6k) and ATI (EUR 377.3k) achieve higher productivity, while GEVORKYAN combines automation and custom engineering with efficient team size of 188 employees.

REVENUE AND EBITDA



GEVORKYAN reports highest EBITDA margin in peer group at 36.2% (9M 2025), significantly above peer median 23.2% and even surpassing high-quality premium industrial AMETEK (31.5%). Exceptionally high profitability reflects niche positioning in custom powder metallurgy, stable pricing from 90% contract visibility, and operating leverage, while commodity-oriented peers like Kennametal (15.2%) and ATI (17.6%) face greater pricing pressure.

SUBSECTOR ANALYSIS

We benchmark GEVORKYAN against six companies in industrial component manufacturing and powder metallurgy: Sandvik AB (Sweden), AMETEK Inc. (USA), Carpenter Technology (USA), ATI Inc. (USA), Kennametal Inc. (USA), and Sintercom India Ltd. (India). The first five are established companies with market capitalisations of €3–45bn, operating across the automotive, aerospace, and defence sectors. Sintercom (€28m) is a small Indian company with an extremely high P/E of 255x, limited liquidity, and exposure to a very specific local market. It is included for completeness of the peer set but does not represent a relevant benchmark. With a market capitalisation of €164m (as of 5 February 2026), GEVORKYAN is 18–275x smaller than the major players, which is the primary driver of the small-cap valuation discount.

Size and efficiency

GEVORKYAN generates revenues of €64m (annualised 9M 2025) with 188 employees, implying productivity of €338k revenue per employee. This is the third-highest level in the peer group and +18% above the peer median of €287k. Higher productivity is reported only by Carpenter Technology (€420k, ultra-high-value specialty alloys) and ATI (€377k, titanium). GEVORKYAN outperforms large competitors such as Sandvik (€191k) and AMETEK (€205k), driven by a high degree of automation (80 robots for 188 employees), digitalisation, and custom engineering with high value-added content. Capital-intensive powder metallurgy technology features low variable unit costs, which drive productivity higher as volumes scale. Sintercom (€246k) operates in a completely different context (Indian market, predominantly manual production) and is not a relevant productivity benchmark.

Profitability

This is where GEVORKYAN truly stands out. An EBITDA margin of 36.2% (9M 2025) is the highest across the entire peer group and materially above the peer median of 23.2% (+56%). It even exceeds AMETEK's 31.5%, which is widely regarded as a high-quality premium industrial with exceptional profitability. Lower EBITDA margins at Kennametal (15.2%) and ATI (17.6%) reflect cyclical and pricing pressure in more commoditised tooling segments. Sandvik (23.2%) and Carpenter (25.2%) are closer to the peer median. Sintercom reports an abnormally low EBITDA margin of 17.2% alongside an extremely high P/E of 255x, signalling accounting distortions or market inefficiencies in the Indian equity market and therefore does not represent a meaningful benchmark.

GEVORKYAN's margins are supported by niche positioning (custom powder metallurgy), long-term contracts providing ~90% revenue visibility and pricing stability, and operating leverage as fixed costs are spread across growing production volumes. EBITDA per employee reaches €122k — more than double the peer median of €55k (+121%) — underscoring operational excellence.

Valuation

GEVORKYAN trades at a forward P/E of 25.6x (as of 5 February 2026), broadly in line with the peer median of 25.0x (Sandvik 26.0x, AMETEK 28.7x, Carpenter 29.5x, ATI 21.8x, Kennametal 28.0x). This appears reasonable given superior margins and growth potential, with the small-cap liquidity discount offset by a profitability premium. Sintercom's P/E of 255x is an outlier and excluded from the median.

On an EV/EBITDA basis, however, GEVORKYAN trades at just 8.3x (current as of 5 February 2026) versus a peer median of 21.5x — a 61% discount. This discount reflects small-cap liquidity constraints (trading volumes in Prague/Bratislava versus NYSE/Stockholm), CEE exposure traditionally valued below US/Western Europe, and higher leverage with Net Debt/EBITDA of 3.0x versus peers at 0.1–0.5x.

But is a 61% discount justified? Comparable high-margin small-cap industrials typically trade at 12–15x EV/EBITDA, implying roughly a 50% discount to large-caps. At 8.3x, GEVORKYAN implies an additional ~20–25% CEE/leverage discount on top of the standard small-cap penalty. Given top-tier margins (+56% versus peers) and productivity (+121% EBITDA per employee), this excess discount appears to reflect either a mispricing or the market pricing in extreme execution risk.

Where GEVORKYAN belongs

GEVORKYAN is a quality small-cap with exceptional profitability metrics (EBITDA margin #1, productivity #3 in the peer group) trading at a pronounced small-cap discount. The target valuation of 9.7x EV/EBITDA (55% discount) reflects partial normalisation of the excess discount while maintaining a conservative stance toward small-cap, CEE, and leverage factors. Closing this valuation gap through Q4 execution, defence contract disclosure, and a visible deleveraging trajectory could add 20–30% to valuation, moving GEVORKYAN closer to the typical high-margin small-cap range of 12–15x EV/EBITDA.

Competitive positioning is strong. The company combines scale benefits (automation, low unit costs) with a niche focus (custom engineering, high-value applications) and a strategic defence pivot (€50m+ potential, ~60% of current revenues upon successful ramp-up). This is a high-quality business that the market is currently valuing with excessive scepticism.

PEER GROUP: General Materials companies

Ticker	Company name	Recent Price	Market Cap (M€)	Price/Earnin	Revenue (M€)	EBITDA (M€)	Net Income
GEV.PR	GEVORKYAN, a.s.	240.00 CZK	164.31	25.6	63.52	22.99	4.42
SAND	Sandvik AB	366.80 SEK	41,639.85	25.97	7,983.82	1,851	949.44
AME	AMETEK, Inc.	229.79 \$	45,069.56	28.65	4,603.07	1,448.29	921.47
CRS	Carpenter Technology	348.65 \$	14,776.20	29.51	1,888.29	474.99	280.82
ATI	ATI Inc.	128.67 \$	14,894.30	21.79	2,905.58	510.26	262.16
KMT	Kennametal Inc.	38.28 \$	2,989.02	28.01	1,278.70	194.11	66.20
SINTERCOM	Sintercom India Ltd.	92.50 ₹	28.30	255	7.43	1.28	0.06

Note: The peer group consists of global industrial manufacturers in powder metallurgy and precision components. Company data reflects market prices as of February 5, 2026, and financial metrics based on FY2025 forward estimates (P/E and EV/EBITDA using consensus analyst estimates for fiscal year 2025). GEVORKYAN data based on 9M 2025 results (ended September 30, 2025) with FY2025 full-year estimates. All currencies converted to EUR using exchange rates as of September 30, 2025. Dowlais Group plc (Powder Metallurgy division) excluded as complete 9M 2025 financial results not publicly available.

GEVORKYAN, a.s. | Central Europe

9M 2025

PEER MULTIPLES			VALUATION
	P/E	EV/EBITDA	To value GEVORKYAN, we apply a direct peer comparison using the EV/EBITDA multiple. This approach is more appropriate for capital-intensive companies in an investment phase than a DCF model, which would penalize temporarily negative cash flows resulting from the current €60–80m investment cycle (2023–2026).
Sandvik	22.2	20.9	PEER GROUP GEVORKYAN is benchmarked against five global players in industrial component manufacturing: Sandvik (Sweden), AMETEK, Carpenter Technology, ATI, and Kennametal (all US). These companies have market capitalizations ranging from €1.6bn to €37bn and trade at a median EV/EBITDA multiple of 21.5x (range: 13.4x–28.0x).
AMETEK	29.5	28.0	
Carpenter	29.5	21.6	
ATI	24.9	19.4	
Kennametal	17.2	13.4	
GEVORKYAN	25.6	7.9	
Peer Median	24.9	21.5	
Upside/(- Downside)	2.8 %	-63.3 %	WHY A 55% DISCOUNT When applying peer valuation, we account for three key disadvantages relative to global competitors. First, size and liquidity. With a market capitalization of €149m (as of 30 September 2025), GEVORKYAN is 20–126x smaller than its peers. Free float is only 17.6%, and trading volumes on the Prague and Bratislava exchanges are limited, which constrains liquidity and also limits the speed of any near-term valuation re-rating, even in the event of strong fundamental performance. Second, geography. Approximately 58% of revenues are generated in the EU (predominantly the CEE region) and 23% in North America. CEE-exposed companies are traditionally valued at a discount versus purely US or Western European peers, implying a 10–15% discount. Third, leverage. Net Debt/EBITDA of 3.0x is materially higher than that of investment-grade peers (0.1–0.5x). In a capital-intensive business, this increases execution risk and refinancing uncertainty, justifying an additional 10–15% discount. These disadvantages are partially offset by exceptional operating performance. EBITDA margin of 36.2% is the highest in the peer group (+56% versus the median of 23.2%), while productivity of €338k revenue per employee ranks third (+18% versus the median). This operating quality supports a +10% premium, reducing the gross discount from 65% to the applied 55%. The resulting target multiple is 9.7x EV/EBITDA.
EV/EBITDA VALUATION			WHERE THE MARKET IS TODAY As of 30 September 2025, GEVORKYAN traded at 7.9x EV/EBITDA (a 63% discount to the peer median). Since then, the share price has increased by 9.1% from CZK 220 to CZK 240 (as of 5 February 2026), narrowing the discount to 61% (current multiple 8.3x). This still represents an excessive discount. Comparable high-margin small-cap industrials typically trade at 12–15x EV/EBITDA, implying a 40–50% discount to large-cap peers. At 7.9–8.3x, GEVORKYAN implies an additional 15–20% “excess discount” beyond what is justified by small-cap size, CEE exposure, and leverage.
Discount		-55 %	WHERE THE VALUATION SHOULD CONVERGE Assuming full-year 2025 EBITDA of €30.7m (management guidance minimum €30m; our estimate based on 9M actuals of €23.0m plus an implied €7.7m in Q4) and a target multiple of 9.7x, we derive an Enterprise Value of €298m. After subtracting net debt of €92.5m, equity value amounts to €205.5m. With 16.657m shares outstanding, this implies a target price of €12.34 per share. Compared to the current price of €9.78 (CZK 240 as of 5 February 2026), this represents upside of +26.2%. Our base valuation excludes any defence-related revenues; potential defence projects are treated as option value and are not capitalised in the target price.
Target Multiple		9.7	WHAT IF THINGS DO NOT DEVELOP AS EXPECTED Scenario analysis yields a probability-weighted target of €12.32. In the bearish scenario (20% probability), we assume a Q4 miss, EBITDA of only €28m, and multiple compression to 8.6x, resulting in a target price of €10.30 (+5% upside, still positive). The base case (60% probability) assumes delivery of guidance, EBITDA of €30.7m, and a 9.7x multiple, implying a target of €12.34 (+26%). The bullish scenario (20% probability), with a guidance beat, EBITDA of €32m, and a 10.75x multiple, results in a target price of €14.26 (+46%). The worst-case scenario — a significant Q4 miss, EBITDA of €28m, and market panic compressing the multiple to 8.0x — would imply a price of €9.87, only +1% above current levels. In other words, downside risk is limited, as current valuation already reflects a substantial degree of skepticism.
FY2025E EBITDA		30,700,000 €	WHY BUY The BUY rating is based on a combination of attractive valuation (+26% upside providing a margin of safety), strong operating fundamentals (highest EBITDA margin in the sector, third-highest productivity, 90% revenue visibility), and a clear path to value realization. Two milestones are key: delivery of Q4 guidance (results in April 2026), which removes the main execution risk, and disclosure of a defence contract with EUR value, validating €50m+ of annual revenue potential.
Target EV		298,000,000 €	WHY NOT DCF Companies in an investment phase with temporarily negative cash flow are better valued using peer multiples than DCF models. GEVORKYAN is in the midst of a €60–80m investment cycle over 2023–2026 (automation, capacity expansion, defence pivot), which temporarily pushes FCF into negative territory (-€13.4m in 9M 2025). This reflects deliberate growth investment, not operating weakness. From 2027 onward, with maintenance CapEx stabilizing at €18–22m and positive FCF of €15–20m annually, a DCF approach would yield a higher valuation. At present, however, DCF would penalize the company for temporary investment-phase characteristics. Peer multiples capture operating quality without this distortion.
- Net Debt		92,530,000 €	WHAT COULD DERAILED THE INVESTMENT CASE Tight liquidity (cash €0.4m, covenant cushion 17%) leaves minimal buffer for operational shocks. Q4 is critical, with guidance implying aggressive acceleration of +18–46% YoY. Refinancing of €60–70m in 2028–2029 does not yet have a disclosed plan. Defence projects are pending AS9100/AQAP certifications (12–24 months). Inventory levels (DIO 369 days) create write-down risk in the event of a Q4 miss. Value realization should follow Q4 delivery (results in April 2026) and disclosure of the defence contract, including the specific customer, EUR value, and timeline.
= Equity Value		205,470,000 €	
Target Price		12.34 €	
Upside/(- Downside)		37.67 %	
CURRENT VALUATION METRICS			
As of Sept 30, 2025			
Share Price		€8.96 (220 CZK)	
Market Cap		€149.2 M (3,665 M CZK)	
Enterprise Value		€241.7 M	
EV/EBITDA		7.9	
Discount to Peers		-63 %	
As of Feb 5, 2026			
Share Price		€9.78 (240 CZK)	
Market Cap		€162.9 M (3,997.7 M CZK)	
Enterprise Value		€255.4 M	
EV/EBITDA		8.3	
Discount to Peers		-61 %	
Price Appreciation		+9.1% (220 → 240 CZK)	
Multiple Expansion		+0.4x (7.9x → 8.3x)	
Note: Financial data as of Sept 30, 2025. Market data as of Feb 5, 2026.			
SCENARIO ANALYSIS			
	Target	Prob.	
Bear	10.30 €	20 %	
Base	12.34 €	60 %	
Bull	14.26 €	20 %	
Weighted	12.32 €		

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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.

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Each report undergoes a structured quality control process, including:

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- Valuation modeling with sensitivity analysis,
- Risk assessment, covering capital structure, liquidity, execution risk, and market risks.

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