Gafrik Research

Flash Note

July 9, 2026

Q1 2026

GEVORKYAN® a. s.

Powder Metallurgy Plant

Gafrik Research

Flash Note

July 9, 2026

This report supplements the Ad Hoc Rating Update dated May 18, 2026. Full coverage at www.gafrikresearch.com

GEVORKYAN, a.s. (GEV.PR) | Central Europe

Q1 2026

COMPANY INFORMATION	
Name	GEVORKYAN, a.s.
Industry	Industrial Machinery & Equipment
Sector	Industrials
Sub-sector	Powder Metallurgy Components
Headquarters	Vlkanová, Slovakia
Employees	170
Exchanges	Prague (Primary) Bratislava
Tickers	GEV.PR 1GVR001E
ISIN	SK1000025322

RATING & TARGET PRICE

Rating	**BUY**
Target Price	**EUR 12.02** **CZK 292**
Upside	*+52.2 %*
Prior Rating (May 18, 2026)	BUY
Prior Target (May 18, 2026)	EUR 12.07 CZK 296

SHARE DATA

Current Price (July 9, 2026)	EUR 7.99 CZK 194
Price (May 18, 2026)	EUR 7.58 CZK 186
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 143M CZK 3 429 bn
Shares Outstanding (post-ABB)	17 857 272
Free Float	*30 %*
Avg Daily Volume	Low

VALUATION SUMMARY

Method	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	EUR 85.9M
EV/EBITDA current (trailing)	7.89x

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
Methodology: www.gafrikresearch.com/methodology
Rating Validity: Until H1 2026 (September 15, 2026) or material event

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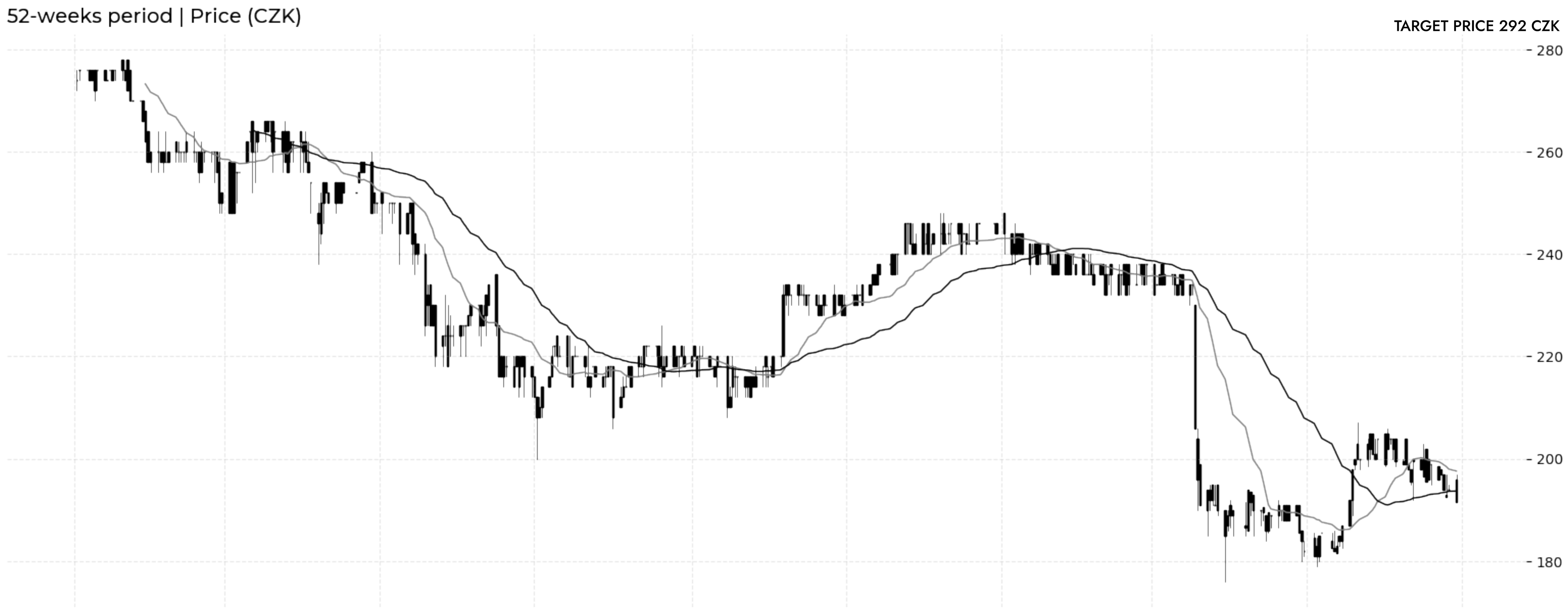
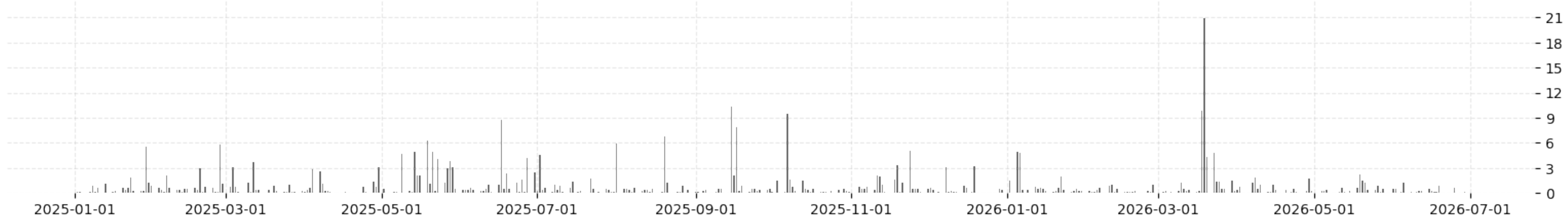
52-weeks period | Price (CZK)



Volume (mil. CZK)



Source: Prague Stock Exchange | Edit: Gafrik Research

EVENT SUMMARY

Gafrik Research publishes this Flash Note in accordance with its rating validity policy as a response to a material event: the publication of the interim financial results of GEVORKYAN, a.s. for Q1 2026, prepared in accordance with IFRS on the basis of internal management reporting, and the Q1 2026 investor call held on May 19, 2026. The prior rating validity expired upon publication of Q1 2026 results on May 19, 2026, as explicitly stated in the Ad Hoc Rating Update dated May 18, 2026.

Q1 2026 Results

Q1 2026 results indicate continued double-digit revenue growth: revenues reached EUR 23.5M (+12.55% YoY) and reported EBITDA reached EUR 9.3M (+11.43% YoY) at a margin of 39.6%. Gafrik Research observes that the reported margin of 39.6% was influenced by an Other Operating Result of EUR +2.282M, reflecting goods delivered but not yet invoiced as of March 31, 2026 – an accounting timing difference confirmed by management on the investor call. These items will be invoiced in Q2 2026 without being recognised in revenues again. The reported Q1 margin should not be extrapolated as a sustainable run-rate.

Management Commentary

On the investor call of May 19, 2026, management confirmed four developments of analytical significance: the completion of the Gevorkyan Sinteris Italia acquisition on April 22, 2026 (adding 94 customers, with deliveries confirmed to Rheinmetall, Leonardo, and a French defense contractor); H1 2026 cumulative revenues expected slightly below EUR 50M (Gafrik Research interpretation: management referenced revenues below EUR 50M in the context of Q2 2026 per investor call transcript May 19, 2026; Gafrik Research interprets this as H1 cumulative, as standalone Q2 of EUR 50M would be inconsistent with the confirmed full-year guidance range of EUR 94-115M); advanced-stage refinancing negotiations for the EUR 30M GEVORKYAN CZ bond maturity (autumn 2026); and the approaching conclusion of the 2023-2026 capital expenditure cycle, with CapEx in FY2026 expected to remain at a level similar to FY2025 before declining to EUR 18-22M from 2027. Management also indicated expectation of full-year 2026 results in the upper half of the guidance range of EUR 94-115M revenues and EUR 33-40M EBITDA (per Q1 2026 financial plan presentation).

Valuation Impact

On this basis, Gafrik Research reaffirms its **BUY** rating with a marginally revised target price of **EUR 12.02 / CZK 292** (from EUR 12.07 / CZK 296), reflecting updated net debt of EUR 85.959M from the Q1 2026 balance sheet. The target multiple of 9.7x is unchanged, reflecting a 57.1% structural discount to the peer median of 22.6x for small-cap liquidity, CEE exposure, and leverage. Scenario probabilities have been adjusted to Bear 20% / Base 60% / Bull 20%, reflecting the elapsed refinancing deadline as an unresolved risk.

GEVORKYAN, a.s. (GEV.PR) | Central Europe

Q1 2026

INCOME STATEMENT (thousands EUR)

	Q1 '26	Q1 '25	YoY
Revenue	23 503	20 883	*+13%*
of which: Products	21 064	17 922	*+18%*
of which: Services	2 439	2 961	*-18%*
Change in Inventories of Own Production	-667	500	*n.m.*
Material & Energy	-9 033	-6 818	*32%*
Services (external)	-5 156	-4 737	*9%*
Personnel Costs	-1 622	-1 459	*11%*
Other Operating Result	2 282,00	-17	*n.m.*
EBITDA	9 307	8 352	*+11%*
EBITDA Margin	*39,60 %*	*39,99 %*	*-0,39pp*
D&A	-4 089	-4 141	*–1%*
EBIT	5 218	4 211	*+24%*
Financial Result (net)	-760	-752	*1%*
EBT	4 458	3 459	*+29%*
Net Profit (EAT)	3 388	2 518	*+35%*

BALANCE SHEET (mil. EUR)

	Q1 '26	Q1 '25	YoY
Total Assets	216 112	205 440	*+5%*
PP&E	132 841	123 079	*+8%*
Inventories	33 782	32 325	*+5%*
Receivables	37 054	34 899	*+6%*
Cash & Equivalents	196	3 294	*-94%*
Total Equity	90 344	77 423	*+17%*
Total Financial Debt	86 155	88 255	*-2%*
Net Debt	85 959	84 961	*+1%*
Net Debt / EBITDA (trailing FY2025 norm.)	2.96x	3.22x	-0.26x
Net Debt / EBITDA (management basis, call)	3.2 - 3.3x	-	-
Covenant threshold	3.5x	3.5x	-

All financial data complies with IFRS standards

Q1 2026 RESULTS: ANALYTICAL COMMENTARY

Revenue. GEVORKYAN reported Q1 2026 revenues of EUR 23.503M (+12.55% YoY), consistent with a historical revenue CAGR of approximately 13% since IPO in June 2022 (calculated on full fiscal years FY2022-FY2025). Growth was driven by product revenues of EUR 21.064M (+17.5% YoY), partially offset by a decline in service revenues to EUR 2.439M (-17.6% YoY). Per company communication to Gafrik Research, the service revenue decline reflects timing and is not structural. On an annualized basis, Q1 revenue implies a run-rate of EUR 94M, consistent with the lower bound of FY2026 guidance of EUR 94-115M. Management indicated expectation of full-year results in the upper half of guidance.

EBITDA. Reported EBITDA reached EUR 9.307M (+11.43% YoY) at a margin of 39.6%. The Other Operating Result of EUR +2.282M reflects goods delivered but not yet invoiced as of March 31, 2026, described by management as an accounting timing item under IFRS. These deliveries will be invoiced in Q2 2026. Management referenced revenues slightly below EUR 50M on the investor call in the context of the Q2 reporting period. Gafrik Research interprets this as a reference to H1 2026 cumulative revenues (Q1 actual EUR 23.5M plus estimated organic Q2 broadly in line with Q1 implies H1 of approximately EUR 49-50M), which appears most consistent with the full-year guidance range of EUR 94-115M and management's indicated expectation of results in the upper half of that range. The reported Q1 EBITDA margin of 39.6% reflects this timing effect and should not be extrapolated as a sustainable quarterly run-rate. Material and energy costs increased +32.5% YoY, reflecting a deliberate shift toward higher-specification materials, consistent with a mix-shift strategy toward more technically demanding and profitable product categories.

Below-the-line. EBIT reached EUR 5.218M (+23.9% YoY), supported by a modest reduction in D&A to EUR 4.089M (from EUR 4.141M in Q1 2025), suggesting stabilization of the asset base. EBT grew +28.9% YoY to EUR 4.458M and net profit increased +34.6% YoY to EUR 3.388M, with profit growth materially outpacing revenue, consistent with positive operating leverage.

Balance sheet and liquidity. Net debt as of March 31, 2026 stands at EUR 85.959M, broadly in line with the post-ABB estimate of EUR 85.2M used in the May 18 rating update. Total financial debt of EUR 86.155M declined EUR 2.1M YoY on a gross basis. Management indicated on the investor call that net debt should remain broadly flat through Q2 2026. Gafrik Research estimates a risk of a temporary increase given working capital absorption from the invoicing of Q1 timing items. Cash of EUR 0.196M remains minimal; the company manages liquidity through receivables conversion and credit line access. Overdue payables of EUR 11M relate primarily to internal obligations toward the GPM tooling subsidiary and routine supplier payables; 90-120 day payment terms represent standard practice with long-standing supply partners. Per management, these payables are predominantly overdue by less than 30 days.

Debt and leverage. The trailing Net Debt/EBITDA ratio on the basis of FY2025 normalized EBITDA of EUR 29.0M stands at 2.96x. Management cited a current Net Debt/EBITDA of 3.2-3.3x on the investor call, reflecting a different EBITDA base. Against the covenant threshold of 3.5x (per bond covenants: GEVORKYAN 7.11/2029, ISIN CZ0000002159, and GEVORKYAN 8.50/2028, ISIN CZ0000001813), the current headroom is limited at approximately 6-9% on the management basis. This is a thin margin and represents a meaningful risk factor, particularly given the expected Q2 increase in net debt. Management's medium-term target is to reduce Net Debt/EBITDA to approximately 2.5x by 2026-2027, to be achieved through EBITDA growth rather than nominal debt reduction. Gafrik Research considers that the target multiple discount embedded in the valuation already reflects this leverage profile.

Investment cycle. Management confirmed on the investor call that the 2023-2026 capital expenditure cycle is approaching its conclusion. CapEx in FY2026 is expected to remain at a level similar to FY2025, with a decline to maintenance levels of EUR 18-22M anticipated from 2027 onward. This is consistent with Gafrik Research's FCF inflection forecast of EUR 15-20M positive FCF annually from 2027, and supports the anticipated transition from a capital-intensive investment phase to a structurally cash-generative business.

Gevorkyan Sinteris Italia. The acquisition of Gevorkyan Sinteris Italia S.r.l. (sintered metal solutions, Bologna) was completed on April 22, 2026. The acquisition added 94 new customers, approximately half of whom operate in Italy and the remainder globally. Management confirmed initial deliveries to Rheinmetall, Leonardo, and a French defense contractor, and indicated existing customer demand for a significant expansion of production capacity. The subsidiary currently generates revenues of EUR 10-15M annually. Gevorkyan Sinteris Italia will be consolidated into group financial statements as of December 31, 2026, with quarterly consolidated reporting commencing from 2027. Until then, the Italian contribution remains unverifiable on a standalone basis, is treated as option value in the Gafrik Research valuation model, and is therefore excluded from the base valuation.

CAPITAL STRUCTURE UPDATE

Debt structure. As of March 31, 2026, GEVORKYAN maintains total financial debt of EUR 86.155M, comprising bonds of EUR 38.363M (long-term EUR 37.362M, short-term EUR 1.001M), bank loans and borrowings of EUR 47.538M (long-term EUR 5.730M, short-term EUR 41.808M), and lease liabilities of EUR 0.254M. Net debt of EUR 85.959M is broadly unchanged from the post-ABB estimate of EUR 85.2M used in the prior rating update. On a trailing FY2025 normalized EBITDA basis of EUR 29.0M, Net Debt/EBITDA stands at 2.96x. Management cited 3.2-3.3x on the investor call, reflecting a different EBITDA base. Against the covenant threshold of 3.5x, the headroom is limited at approximately 6-9% on the management basis. Management has stated a medium-term target of reducing Net Debt/EBITDA to approximately 2.5x by 2026-2027, to be achieved through EBITDA growth.

Refinancing – active risk. The EUR 30M bonds issued by subsidiary GEVORKYAN CZ, s.r.o. in November 2021 mature in autumn 2026 and are reflected as a loan liability of EUR 30.1M in the GEVORKYAN, a.s. balance sheet. Management confirmed three refinancing proposals on the table as of the May 19 investor call – two involving a new bond issuance and one an amortising loan – with a binding offer expected within one to two weeks of the call. Under all scenarios, management confirmed the refinanced amount will not exceed EUR 30M. As of the report date of July 9, 2026, no public announcement of a signed agreement has been identified. Gafrik Research maintains this as an active risk until a signed agreement is publicly confirmed. Failure to refinance on acceptable terms represents the primary downside scenario.

Q2 leverage trajectory. Given expected Q2 revenue growth incorporating the invoicing of Q1 timing items, working capital requirements are likely to absorb a meaningful portion of Q2 operating cash flows. Gafrik Research expects that the Net Debt/EBITDA ratio as of June 30, 2026 may be higher than the current 2.96x trailing basis until EBITDA growth materializes in H2.

Report Type: Flash Note
Methodology: www.gafrikresearch.com/methodology
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Q1 2026

VALUATION UPDATE

Gafrik Research applies the EV/EBITDA peer multiples approach as the primary valuation method, consistent with prior reports. The target multiple of 9.7x represents a 57.1% discount to the peer median of 22.6x (peer market data as of May 18, 2026) and is unchanged from the Ad Hoc Rating Update of May 18, 2026. Peer group composition (Sandvik, AMETEK, Carpenter Technology, ATI, Kennametal) as defined in the Initiating Quarter Report dated February 5, 2026. The blended valuation framework applies equal weighting to trailing FY2025 normalized EBITDA of EUR 29.0M and forward FY2026 management guidance low of EUR 33.0M. The marginal revision of the target price from EUR 12.07 to EUR 12.02 reflects updated net debt of EUR 85.959M from the Q1 2026 balance sheet. All other valuation inputs remain unchanged: the target multiple of 9.7x, trailing EBITDA of EUR 29.0M (FY2025 normalized), forward EBITDA of EUR 33.0M (guidance low), and peer group composition.

Component	EBITDA	Multiple	Target EV	Net Debt	Equity Value	TP/share
Trailing FY2025	EUR 29M	9.7x	EUR 281.3M	EUR 85.959M	EUR 195.3M	EUR 10.94
Forward 2026E	EUR 33M	9.7x	EUR 320.1M	EUR 85.959M	EUR 234.1M	EUR 13.11
Blended (50% / 50%)	-	-	-	-	-	EUR 12.02

Target Price: EUR 12.02 / CZK 292. Upside: +50.4% versus current price CZK 194 (July 9, 2026). Rating: BUY.

SCENARIO ANALYSIS

Bear case (20% probability): Assumes 2026E EBITDA at guidance low of EUR 33.0M and multiple compression to 8.5x, simulating a scenario where refinancing of the EUR 30M GEVORKYAN CZ bonds proceeds under materially less favourable conditions – higher interest cost, shorter maturity, or covenant renegotiation – and Bologna integration generates unexpected one-off costs in H2 2026. Bear probability returned to 20% (from 15% in the prior update) reflecting the elapsed refinancing timeline as an unresolved risk. Target price EUR 10.89 / CZK 265 implies upside of +36.3% from current levels. Even in this scenario, downside from current price is limited.

Base case (60% probability): Applies blended valuation at 9.7x, resulting in target price EUR 12.02 / CZK 292 and upside of +50.4%. Assumes successful refinancing, confirmation of FY2026 guidance trajectory in the upper half of the range, and progressive FCF improvement from 2027. Base probability 60% (from 65%) reflects partial offset of Q1 operational momentum against the unresolved refinancing.

Bull case (20% probability): Assumes 2026E EBITDA of EUR 36.5M, above the guidance lower bound, and partial multiple re-rating to 10.5x, driven by confirmation of a specific defense contract with named customer and EUR value, Gevorkyan Sinteris Italia revenue trajectory toward EUR 30M, and earlier-than-expected FCF inflection. Target price EUR 16.65 / CZK 404. Even in this optimistic scenario, the applied multiple of 10.5x represents a 53.5% discount to the peer median of 22.6x, reflecting the continued presence of structural discount factors – small-cap liquidity, CEE exposure, and leverage – which Gafrik Research does not consider fully resolved absent a confirmed defense contract and completed Bologna integration.

Probability-weighted outcome: EUR 12.72 / CZK 309

Note: the scenario framework does not model a refinancing failure, which would constitute a liquidity event outside the going-concern valuation basis. In such a scenario, all three cases would be suspended pending resolution.

Scenario	Prob.	EBITDA	Multiple	TP EUR	TP CZK	Upside
Bear	20 %	EUR 33M (guidance low)	8.5x	10.89	265	+38 %
Base	60 %	Blended 29M / 33M	9.7x	12.02	292	+52 %
Bull	20 %	EUR 36.5M	10.5x	16.65	404	+111 %
Weighted	100 %	-	-	12.72	309	+61 %

IMPORTANT DISCLOSURES

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CATALYSTS AND RISKS

CATALYSTS

Refinancing confirmation. Public announcement of a signed refinancing agreement for the EUR 30M GEVORKYAN CZ bonds would eliminate the primary short-term risk and restore Bear probability to 15%.

FCF inflection 2027. CapEx expected to decline to EUR 18-22M from 2027 onward (per Q1 2026 financial plan presentation) implies positive FCF of EUR 15-20M annually, enabling debt repayment and potential dividends. FY2026 CapEx remains at FY2025 levels before this normalization occurs.

Gevorkyan Sinteris Italia integration. 94 new customers added via acquisition. Initial deliveries confirmed to Rheinmetall, Leonardo, and a French defense contractor. Current revenue run-rate EUR 10-15M annually; Gafrik Research estimates medium-term revenue potential of approximately EUR 30M (per FY2025 investor call, as stated in the Ad Hoc Rating Update dated May 18, 2026). First consolidated figures in FY2026 annual statements.

Defense contract disclosure. A specific contract with named customer and EUR value would support partial multiple re-rating toward 12-15x. GEVORKYAN Force Defense certified for trading in military materials for NATO member states. Currently 12 defense partnerships active.

Polish defense JV. Per the Q1 2026 Interim Report, the company is in an advanced stage of negotiations with two Polish defense industry firms regarding a joint venture focused exclusively on the defense segment, with the prospect of a listing on the Warsaw Stock Exchange. No financial terms disclosed.

Further M&A optionality. Management disclosed on the investor call that NDAs have been signed with two additional companies in Southern Europe, with due diligence underway. Separately, negotiations for a manufacturing facility in Africa are at an advanced stage. Both carry no financial inputs in the Gafrik Research base case.

H1 2026 results. Expected autumn 2026. First opportunity to assess Q2 normalization of the OOR timing item, initial Gevorkyan Sinteris Italia contribution, refinancing status, and full-year trajectory.

RISKS

Refinancing execution – primary risk. The two-week signing timeline indicated on the May 19 investor call has elapsed without public confirmation as of the report date of July 9, 2026. The autumn 2026 maturity of the EUR 30M GEVORKYAN CZ bonds defines the hard deadline. Higher interest costs or shorter maturity on the refinancing instrument would compress future FCF generation and reduce the covenant cushion further.

Leverage and covenant headroom. Management-cited Net Debt/EBITDA of 3.2-3.3x against a covenant threshold of 3.5x implies limited headroom of approximately 6-9%. Management indicated net debt should remain broadly flat through Q2 2026; Gafrik Research estimates a risk of a temporary increase from working capital absorption, which would further compress this cushion. A covenant breach without waiver would be a material event.

Bologna integration risk. First international acquisition. Consolidated figures unavailable until December 31, 2026. Margin profile and integration costs cannot be independently verified until then.

CapEx trajectory. FY2026 CapEx expected to remain at FY2025 levels before declining from 2027. FCF inflection is therefore a 2027 event. Any extension of the investment cycle would delay deleveraging.

Consolidated reporting transition. 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, subsidiary contributions remain unverifiable on a standalone basis.

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GAFRIK RESEARCH ANALYTICAL METHODOLOGY

Our analytical framework estimates the total expected shareholder return over a 12-month horizon. The model combines quantitative factors (peer multiples, financial strength, cash flow generation) with qualitative factors (industry outlook, management execution, catalyst timing). Qualitative analysis is used primarily to challenge and stress-test valuation assumptions. Scenario probabilities represent analytical judgment and are updated as new information becomes available. Target prices are derived from quantitative valuation methods. Qualitative factors influence scenario probabilities and valuation assumptions but do not directly determine target prices.

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	-10 % to +15 %	Fairly valued, or upside > 15 % but lacking near-term catalysts or facing elevated
SELL	< -10 %	Significant overvaluation or material impairment of the fundamental investment

Note: Rating band definitions have been aligned with the published methodology (HOLD -10% to +15%, SELL below -10%). Reports dated February 5 through May 18, 2026 stated the HOLD band as -15% to +15%. This change has no impact on any current or historical rating.

RECOMMENDATION HISTORY (12 MONTHS)

Date	Report Type	Rating	Target Price	Price at Date
February 5, 2026	Initiating Quarter Report	BUY (Initiation)	EUR 12.34 / CZK 303	EUR 9.78 / CZK 240
March 30, 2026	Flash Note	BUY (Affirmed)	EUR 11.01 / CZK 270	EUR 7.84 / CZK 192
May 18, 2026	Ad Hoc Rating Update	BUY (Affirmed)	EUR 12.07 / CZK 296	EUR 7.58 / CZK 186
July 9, 2026	**Flash Note**	**BUY (Affirmed)**	**EUR 12.02 / CZK 292**	**EUR 7.99 / CZK 194**

Price source: Prague Stock Exchange. All prices reflect closing price on the date of report publication. Rating distribution: BUY 100% (1/1 covered issuers). Issuer-sponsored research: 100% (1/1 covered issuers).

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.

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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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