

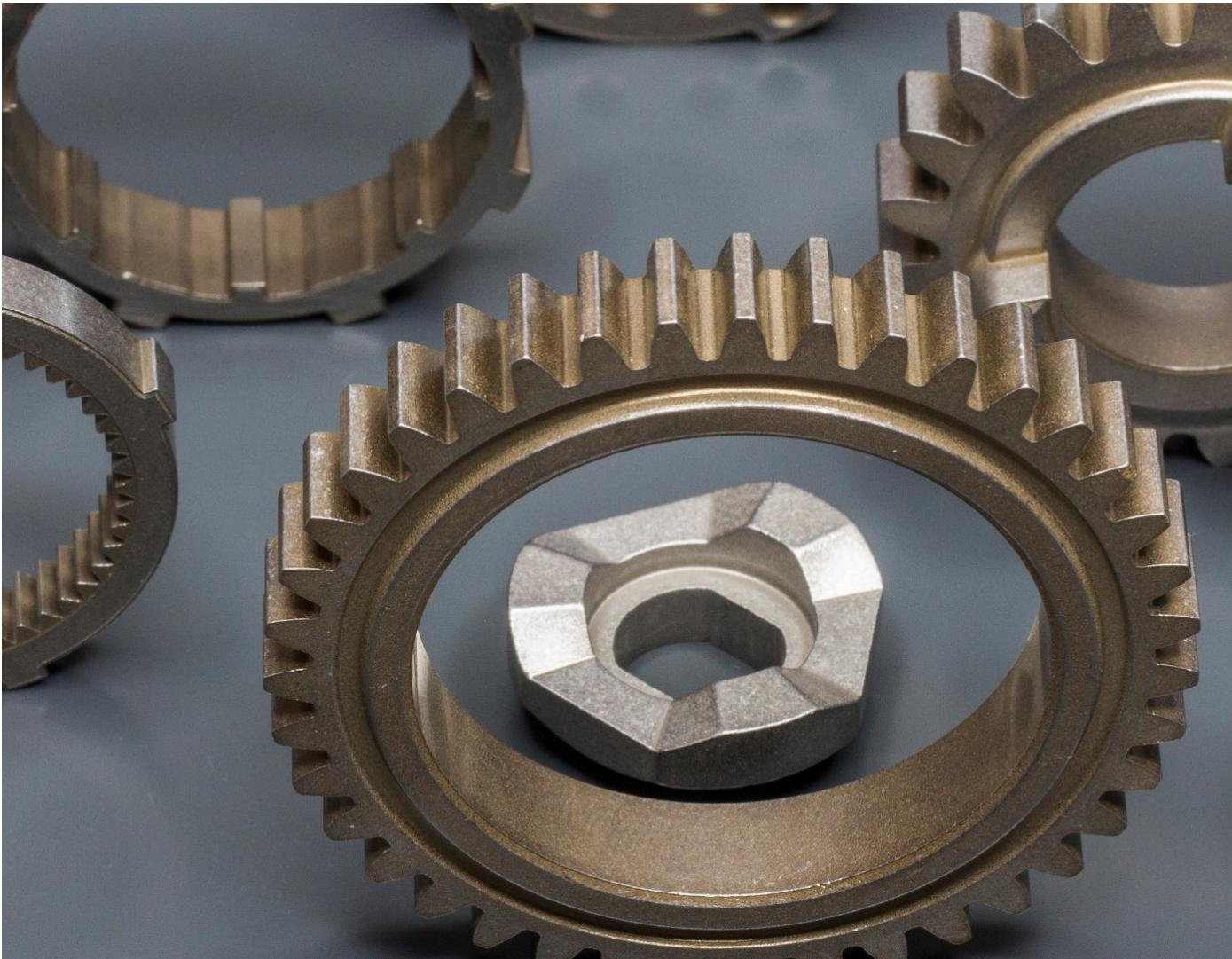


GEVORKYAN, a.s. (GEV.PR)

Interim Report - Q3 2024
18.11.2024

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GEVORKYAN is a family-owned company founded in 1996, focusing on the production of metal components using innovative powder metallurgy methods.



GEVORKYAN, a.s. (GEV.PR)



Introduction of the company

- Founded in 1996, GEVORKYAN is a European leader in the production of metal components by powder metallurgy, sintering and metal injection moulding. The company has unique know-how and a top-notch research and development department.
- The components manufactured by the company have a wide range of applications - in the automotive industry, oil industry, compressors, garden and agricultural tools and machines, safety systems, air conditioning, medicine, cosmetics, fashion industry, defense industry, etc.
- The company has the know-how that forms the basis for the development of its products. It not only has its own research and development department, but also a tool manufacturing facility and its own laboratory.
- Modern and innovative technologies provide the company with lower production costs, mass production, variability of product shapes and sizes and less environmental impact.
- GEVORKYAN develops more than 150 brand new products every year, produces more than 7 million parts every month and currently has a portfolio of more than 2,000 different types of parts.



Vlkánová,
Slovakia



100+ customers
in 30+ countries



~ 173
Staff



EUR 76+
million
Revenue 2023



~ 30 %
EBITDA margin

Selected customer references



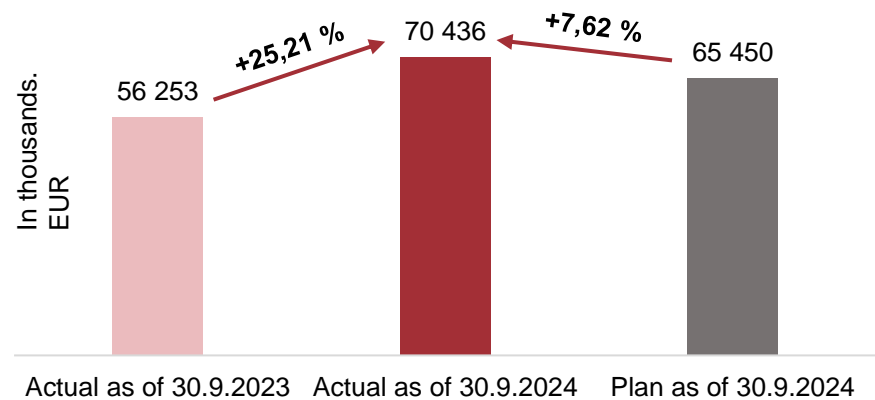
Product samples



The company reported interim sales of EUR 70.4 million, growing more than 25% year-on-year and beating its guidance. EBITDA grew by 16.5%.



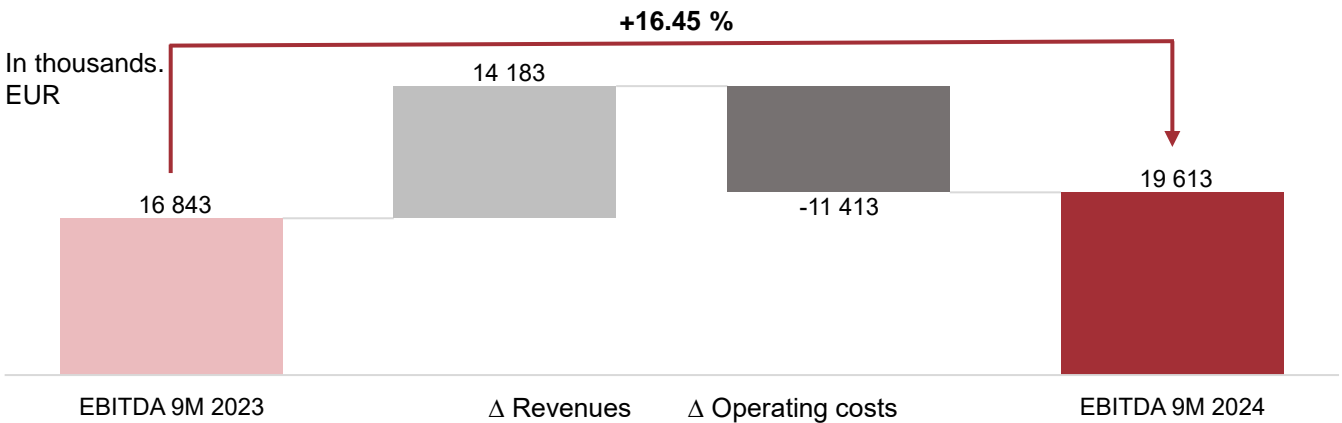
Revenue from sales of products and services for the three quarters of 2024



For the three quarters of 2024, the company reported **sales of EUR 70.44 million, a year-on-year increase of 25.21%** compared to the same period of the previous year **and a growth of 7.62% against the plan.**

Development of EBITDA and its factors

EBITDA in the first quarter of the year **amounted to EUR 19.61 million, a year-on-year growth of 16.45%**, mainly due to **increasing efficiency**, while operating expenses grew at a relatively lower rate than the expansion of sales.



Summary of GEVORKYAN's financial results for the three quarters of 2024 and their comparison with the same period last year and the financial plan

GEVORKYAN, a.s.	Actuals		Plan	Change/Difference	
in thousands. EUR	30.09.2023	30.09.2024*	30.09.2024	Compared to 30.9.2023	Compared to the plan
Revenue from the sale of products and services	56 253	70 436	65 450	25,21%	7,62%
EBITDA	16 843	19 613	19 647	16,45%	-0,17%
EBITDA margin	29,94%	27,85%	30,02%	-	-
Operating profit (EBIT)	8 205	8 334	10 325	1,57%	-19,28%
Profit before tax (EBT)	6 493	5 508	6 033	-15,17%	-8,70%
Profit after tax (EAT)	5 130	4 351	4 766	-15,19%	-8,71%
Net debt	65 376	78 430	-	19,97%	-


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GEVORKYAN's financial results for the three quarters of 2024 and financial plan for the full year 2024


Profit and loss account in whole thousands EUR		30.09.2024*	31.12.2024
		Actual	Prediction
I.1	Revenue from the sale of products and services	70 436	93 500
A.	Operating expenses	47 120	63 500
	2 Material and energy consumption	37 831	47 700
	3 Services	9 289	15 800
B.	Change in inventories from own operations (+/-)	-595	-4 700
D.	Personal costs	4 193	6 719
E.	Adjustments to values in the operational area	11 293	13 317
III.	Other operating income	49	362
F.	Other operating costs	154	275
	EBITDA	19 613	28 068
	EBITDA margin	27,85%	30,02%
*	Operating result (+/-)	8 334	14 751
IV.	Income from non-current financial assets - shares	32	-
G.	Costs incurred on shares sold	-	-
J.	Interest expense and similar costs	2 132	4 682
VII.	Other financial income	171	250
K.	Other financial costs	897	1 700
*	Financial result (+/-)	-2 826	-6 132
**	Profit before tax (+/-)	5 508	8 619
L.	Income tax	1 157	1 810
* *	Profit after tax (+/-)	4 351	6 809
***	Profit for the accounting period (+/-)	4 351	6 809
*	Net turnover for the accounting period = I.+ II.+ III.+ IV.+ V.+ VI.+ VII.	72 011	94 112

Comment

- 

For the three quarters of 2024, GEVORKYAN, a.s. reported **revenues from the sale of products and services of EUR 70.44 million** and **EBITDA of EUR 19.61 million**, implying an **EBITDA margin of 27.85%**.
- 

Furthermore, for the three quarters of 2024, the company reported an **operating profit of EUR 8.33 million**, up 1.57% compared to the same period last year. The **company reported an after-tax profit (EAT) of EUR 4.35 million**, down 15% compared to the same period last year.
- 

The results for the three quarters **further support the assumption of meeting the annual financial plan**.
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The Company continued to make **one-time development investments** in the third quarter, which were booked as operating expenses and are quantified on the next page.

The Company continued to make one-time development investments in the third quarter of 2024, which were expensed as operating expenses.



One-off costs and standardisation items

Item (in thousands EUR)	Q1-Q2 2024	Q3 2024
Transport	140	-
Building a temporary warehouse	230	80
Rental of equipment	140	20
Energy shipment	260	50
Transformer station extension	230	-
Installation of machines	200	90
Standardisation items - total	1 200	240

Comment



In the first three quarters of 2024, the company implemented the aforementioned transfer of production and assets from former competitors from which it took over customers. This activity caused **one-off costs related specifically to the transfer and integration of technology** to satisfy production for the acquired customers. This situation has already been communicated by the company in the half-year report, with normalisation items amounting to EUR 1,2 million in the first half of the year. As shown in the table above, in the third quarter these items amount to EUR 240 thousand. **In total, such one-off costs for the three quarters of 2024 amounted to EUR 1.44 million.**





These one-off costs are CAPEX investments, but have been booked as operating expenses in the three quarters of 2024. They are also behind the difference in profitability compared to plan. **EBITDA profit in the table below is thus normalised by these items.** Operating profit can therefore also be normalised at this level.

Summary of GEVORKYAN's Statutory and normalised EBITDA for the three quarters of 2024 and a comparison to the financial plan

GEVORKYAN, a.s.	Actual	Standardization	Plan	Change
in thousands. EUR	30.09.2024*	30.09.2024	30.09.2024	Compared to the plan
Revenue from the sale of products and services	70 436	70 436	65 450	7,62%
EBITDA	19 613	21 053	19 647	7,16%
EBITDA margin	27,85%	29,89%	30,02%	-

Comment



After the aforementioned normalization of the one-off investment costs of EUR 1.44 million, the **normalised EBITDA profit as of 30.09.2024 is EUR 21.05 million**, which corresponds to a 7.16% beat of the plan. Compared to the three quarters of 2023, this is an increase of 25.00%. **The normalised EBITDA margin is 29,89%.**

The company's balance sheet total rose to EUR 185 million in the three quarters of the year, reflecting the issuance of green bonds and the related CAPEX.



Assets in whole thousands EUR	31.12.2023	30.09.2024*
	Actuals	Actuals
TOTAL ASSETS	175 174	185 014
B. Fixed assets	115 225	121 696
I. Intangible fixed assets	11 330	11 165
03.I Software	178	178
03.II Software - corrections	-160	-165
4.I Valuable rights	13 871	13 871
4.II Appreciable rights - corrections	-3 088	-3 296
7 Other intangible fixed assets	373	365
8 Intangible fixed assets in progress	156	212
II. Tangible fixed assets	103 895	110 531
1 Land	592	592
02.I Buildings	5 459	5 658
02.II Buildings - corrections	-1 085	-1 152
3 Individual movable items	121 533	132 659
3 Individual movable assets - corrections	-27 994	-33 766
7 Tangible fixed assets in progress	4 742	5 992
8 Advances made for tangible fixed assets	648	548
III. Non-current financial assets	-	-
1 Shares - controlled person	-	-
C. Current assets	59 944	63 314
I. Stocks	26 672	27 829
1 Material	1 045	1 606
2 Work in progress and semi-finished products	13 923	13 283
3 Products	11 704	12 940
III. Short-term receivables	30 596	32 773
1 Trade receivables	29 946	32 317
3 Receivables - significant influence	-	-
6 State - tax claims	593	425
4 Receivables - other	57	31
6 Other receivables	57	31
IV. Short-term financial assets	2 676	2 712
1 Cash in hand	4	31
2 Funds in accounts	2 672	2 681
D. Time resolution	5	4

Comment



The company continues to implement its investment plans with a positive environmental impact and a focus on automation and digitalization, which is reflected in the increase in the item of separate movable assets compared to the end of 2023.



The balance sheet total thus increased by almost EUR 10 million to EUR 185 million in the three quarters of 2024.

The company's balance sheet total rose to EUR 185 million in the three quarters of the year, reflecting the issuance of green bonds and the related CAPEX.

Liabilities in whole thousands EUR	31.12.2023	30.09.2024*
	Actuals	Actuals
TOTAL LIABILITIES	175 174	185 014
A. Equity	71 610	75 961
I. Share capital	16 657	16 657
1 Share capital	16 657	16 657
II. Capital funds	36 002	36 002
1 Issue premium	24 695	24 695
2 Other capital funds	11 307	11 307
III. Reserves, undivided fund and other profit funds	1 424	1 799
1 Statutory Reserve Fund / Indivisible Fund	1 424	1 799
IV. Economic result of previous years	13 777	17 151
1 Retained earnings of previous years	13 777	17 151
V.1 Profit or loss for the current financial year	3 749	4 351
B. Foreign sources	99 969	106 721
I. Reserves	310	199
1 Reserves under special legislation	183	183
4 Other reserves	127	16
II. Long-term liabilities	48 424	69 779
6 Bonds issued	8 292	30 640
7 Leases and similar commitments	5 432	4 437
8 Loan from GEVORKYAN CZ	30 000	30 000
9 Other commitments	2	4
10 Deferred tax liability	4 698	4 698
III. Short-term liabilities	23 140	20 678
4 Trade payables	20 270	17 393
6 Liabilities - controlled or controlling person	-	-
8 Liabilities - other	2 870	3 285
3 Commitments to employees	251	273
4 Social security and health insurance liabilities	154	172
5 State - tax liabilities and subsidies	38	821
7 Leases and similar commitments	2 427	2 019
IV. Bank loans and advances	28 095	16 065
1 Long-term bank loans	14 449	14 146
2 Short-term bank loans	3 160	1 919
3 Short-term financial assistance	10 486	-
C. Time resolution	3 595	2 332

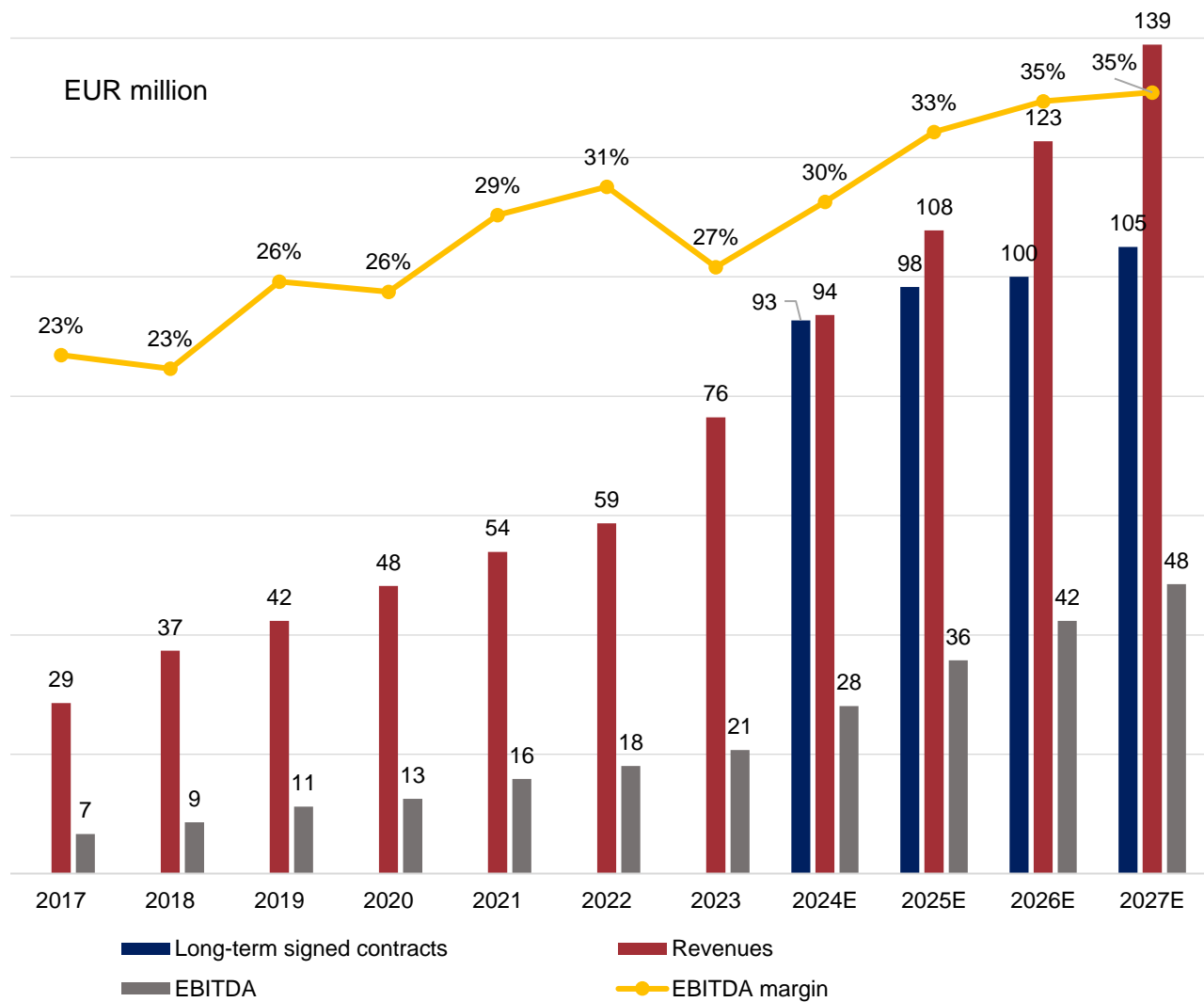
Comment




The liability side compared to 31.12.2023 mainly reflects **the issuance of the green bond**, specifically the first tranche in March 2024. The company also successfully subscribed the second tranche of this bond, which, however, is not recognised on the balance sheet as at 30.9.2024 due to the end of the subscription period on 4.10.2024.


The Company is updating its outlook for signed long-term contracts through 2027 and expects to meet its stated financial plan for the full year 2024.

Historical financial results and their roadmap for the period 2017 - 2027



Comment

- 

The company is updating its outlook for signed long-term contracts. As of 30 September 2024, signed long-term contracts already account for 99% of the planned 2024 sales, 91% of 2025 sales and 81% of 2026 sales. **For 2027, the company has signed contracts totalling EUR 105 million**, which represent 76% of the planned 2027 sales.
- 

In 2024, **GEVORKYAN expects to meet its most recent financial plan**, as communicated in the bond prospectus, which was finalised on 23 February 2024 and approved on 26 February 2024. **Thus, revenues from the sale of products and services are expected to reach EUR 93,5 million and EBITDA (after normalisation) EUR 28,07 million by the end of 2024.** The aforementioned prospectus is available on GEVORKYAN's website and at the following [link](#)



Development plans and news

The company continues to implement its development plans. The following projects and other new developments are currently underway.

GEVORKYAN continues to make development investments, particularly in production and operational technologies. It has made the following investments.

GEVORKYAN has invested in a high-performance 750t Alpha calibration press



A calibration press is a specialized device designed to accurately adjust the shape and dimensions of products using controlled pressure. This press ensures high calibration accuracy, thereby increasing the quality and uniformity of the final products. It is mainly used in industries where accuracy is critical, such as automotive, aerospace and engineering. Thanks to its robust design and advanced technologies, it guarantees efficient and safe operation, which contributes to optimizing production processes and reducing production costs.

GEVORKYAN continues to make development investments, particularly in production and operational technologies. It has made the following investments.

Another investment was a robotised workstation with automatic position control of products in the matrix using a scanning system.



Robotic workstation is a modern solution designed to automate production processes using advanced robotic technologies. This workstation allows to increase efficiency and productivity while minimizing errors and reducing operating costs, thus contributing to the improvement of economic indicators of GEVORKYAN a.s. It is ideal for applications where repetitive activities with high precision are required. Thanks to its flexibility and the possibility of easy adaptation to different production requirements, the robotic workstation improves the overall quality of production and enables a faster response to dynamic market conditions. This supports the company's long-term competitiveness and economic growth.

GEVORKYAN continues to make development investments, particularly in production and operational technologies. It has made the following investments.

The company has invested in a T6 CNC lathe with a robotic workstation for piece handling



The CNC lathe with robotic workstation is a cutting-edge combination of precision machining and automation that takes production to a new level of efficiency. This integrated system enables accurate and fast material processing with minimal human intervention, reducing the risk of errors and optimizing production costs. The robotic workstation increases productivity and reduces downtime. This solution not only improves product quality and consistency, but also contributes to the company's economic growth, increases its competitiveness and allows it to adapt quickly to changing market conditions.

Andrej Bátovský, CFO of GEVORKYAN, won the CFO of the Year 2023 award in Slovakia.



Andrej Bátovský was the winner of the CFO of the Year 2023 award, organized annually by the CFO Club Slovakia platform. The winner emerged from a vote of an expert committee and the public.

In shortlisting the nominees, the expert jury considered in particular the CFO's impact on the company's performance, contribution to talent development, approach to innovation



ANDREJ BÁTOVSKÝ
GEVORKYAN

Vítaz ocenenia

CFOROKA2023

GEVORKYAN continued its acquisition and other activities in the third and early fourth quarters. It won significant contracts.

In its half-yearly report, the company communicated the acquisition of prospective customers of a Polish competitor belonging to the Altha Group and the transfer of production from its Swedish partner SKF. This integration is still ongoing. The company sees the smooth progress of the integration as a precedent for possible upcoming transactions.



At the turn of the third and fourth quarter, the company won strategic orders worth more than €30 million from leading European defence manufacturers. This success underlines the company's commitment and innovative solutions in the field of powder metallurgy. GEVORKYAN won the competition against eight renowned companies from Europe and the USA, demonstrating its commitment to excellence and quality. Importantly, these weapons are designed exclusively for defence purposes, which is in line with GEVORKYAN's ESG principles and its strategy of maintaining a diversified product portfolio.

The company has also been awarded a contract to supply components to a major US autonomous vehicle and robotaxi company.

In October 2024, GEVORKYAN successfully underwrote the second tranche of a EUR 7.5 million green bond. The proceeds will be used to invest in more efficient technologies with a positive environmental impact, including the purchase of efficient machinery and the development of renewable energy sources.



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