

Transcript of the investor call regarding the preliminary unaudited financial results of GEVORKYAN, a.s. for Q1 2026

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I think the main thing, perhaps, throughout the company's entire history, is that whatever the company has ever planned or promised, it has always delivered on. Today we will be discussing the first-quarter results. There have been no significant changes to the company; Mr Bátorovský will go over the financial figures.

We have only taken on a few new employees, which, given the company's growth, we are proud of, and among the main developments is the completion of an acquisition in Italy, where we are now, I believe, the only Slovak company to have a production plant right in the industrial heart of Italy, in Bologna. Along with the acquisition of this plant, which is a very interesting brand, which is 60 years old and spans three generations, we have gained 94 new customers, half of whom are in Italy. In Slovakia, we are continuing to expand, including the expansion of our development department, where some of our colleagues are now permanently based in Italy to help us launch some interesting projects in this part of Europe as well. We are continuing to focus on serious automation and robotisation to keep our production costs at the same level as before.

I might even add that thanks to investments from previous years and the level of automation we have achieved, as well as robotisation – and by robotisation I mean not just the presence of robots in production, but also the fact that robotisation is present in our offices, where orders and many documents are processed by artificial intelligence. So all of this allows us to continue our expansion westwards. The situation in European industry as a whole is exceptional, because companies are either facing problems, or are unable to resolve them, or are relocating production to Asia, or perhaps to South America.

In our company, we are expanding with a development centre in Austria and a production plant in Italy. As for the financial figures, we can see that both revenue and EBITDA have grown at a double-digit rate. In terms of revenue, compared to the first quarter of 2025, it has increased by approximately 12%, and EBITDA by approximately 11%.

As for the comparison with the plan we set for this year, we have not revised it yet, but based on this, we are confident that we will certainly meet it. We will be somewhere between those two lines; we firmly hope that it will be closer to the upper half. What is important to note, apart from these indicators, is that if we also compare debt trends – the first quarter of 2025 versus the first quarter of 2026, or the figures as of today – it is worth noting that last year it stood at approximately €87 million, and as of today it is €86 million.

This means that over the last 12 months, the company's debt has fallen by around one million, or 1%, and in the same period we have managed to increase EBITDA by around 12%. As for the outlook for 2026 and 2027, we would like, despite the fact that there is still some pressure on CAPEX and operational financing, for the company's indebtedness to stabilise, primarily in terms of the nominal amount of debt, and secondly, once the debt has effectively stabilised in nominal terms and EBITDA is growing, the NLB/EBITDA ratio, which I believe currently stands at 3.2 or 3.3. And in the medium term, we would like this ratio to start with a two, ideally to be 2.5, and then I think there will also be a healthy balance between debt and equity.

As for our medium-term plans, you can see in the middle table that we are planning double-digit revenue growth for the years 2026–2029, and the same for EBITDA, whilst we expect EBITDA growth to be slightly faster than revenue growth. We have met our plans for the first quarter. I believe that, once again, given what is happening in the world—one war, another war, and also the problems in European industry, that we are still heading in our own direction; we are not focused on any fads, we make strategic decisions, and we are still dedicated to what gives the company long-term significance, not something short-term.

And we will continue to do so, so I think this provides investors with great certainty that the company will thrive and that we will deliver on what we have promised. So, we are pressing ahead with our plans. As I said, the main event for us is definitely the completion of the acquisition; it took nearly two years, so it really was a struggle.

In Italy, the trade unions are the strongest in Europe – to put it mildly. Not everyone wanted to believe, or perhaps no one believed, that after the acquisition we wouldn't close the factory and move the entire production to Slovakia, which is cheaper in terms of labour costs. That's what most Asian companies do.

A few weeks after the acquisition, the halls there stand empty. But we managed to convince them, we managed to explain, and as of today, thanks to the acquisition, we have immediately become suppliers to companies such as Rheinmetall, Leonardo, and at the same time, we are already supplying the French defence industry, as one of the companies has a subsidiary in France that specialises in this field. I can also say that this company was currently generating revenue in the region of one million euros a month.

As we weren't looking for some kind of aggressive acquisition, and we wanted to retain the brand, the Italian factory now has a dual name: Gevorkyan Sinteris Italia. I can say that the staff at our Italian branch have simply breathed a sigh of relief; they realised that the intensity with which we began to focus on the development of the Italian factory meant it really wasn't just a sham, and that we want the company to succeed. We're rolling out robotisation and automation there; our engineers are permanently stationed there. We'll certainly be carrying out some reorganisation to improve many processes, but at the same time, we want to raise the technical standards.

But I must say that it is one of the smaller factories where we too have things to learn, whether it concerns organisation or, above all, technical knowledge, because we have a very interesting portfolio, and what is also interesting is that we were not in competition with them anywhere. They simply operated in sectors where we never actually came into contact with them; perhaps that is why there was a certain distance, let's call it mutual respect, and there

were no negative feelings there. Moving on to the defence industry, we can say that we are taking a slightly different path to many companies.

We haven't rushed into producing what is immediately needed for this war in Ukraine. That isn't our strategy; we aren't supplying anything to conflict zones, whether in the east or across the border. But we are working on the development of new weapons, fundamentally new things, new materials for new weapons with European customers.

And this is also part of such a long-term collaboration, because what we are developing today – companies in the defence industry, and there are 12 brands we collaborate with in Europe – they will be manufacturing this for the next 10 years. It has helped us greatly that, thanks to massive investments, we have been able to launch the production of materials in Slovakia; we can say that there are really only two suppliers in Europe, and we are not interested in expanding into every market or anything like that; we will be happy if we can meet our own needs. This should also have a positive impact on our profitability, but more importantly, we now have the capability to produce materials that simply do not exist on the market.

And in the defence industry, requirements are changing so rapidly now, and new situations are arising, that standard solutions – the sort you'd find in catalogues or technical specifications – simply don't exist. We currently have a project in an advanced stage; we have already exchanged visits and communicated with two companies in Poland. The aim would be to establish a joint venture in Poland focused purely and exclusively on the defence industry.

We can say that this isn't our goal, but these opportunities are arising, so we'll see; if it makes sense, we'll proceed and feel confident that it's safe for us, given that in both projects it's the Polish side's interest in our know-how. They have the contracts, they have the technical and manufacturing capacity, but we would provide the know-how, and often the technology itself, which we can use in Slovakia; we could even transfer a small amount to Poland if necessary. As I said, we're only just getting started; the acquisition in Italy was only finalised on 22 April, so many things are happening for the first time for us, and we're still opening that unread book of acquisitions. So far, these have been very pleasant surprises; we are seeing customers wanting to double their volumes, with many seeking volumes several times larger, and quite literally many were already getting anxious about when the acquisition would finally go through, because let's be honest, a supplier from Slovakia is good, but having local suppliers right here in Italy, on the Italian side, is very important for many customers, and for the defence industry it is simply crucial. Now, our defence industry is such that we don't manufacture tanks, we don't manufacture machine guns; when we manufacture products for hydraulic systems, for water pumps, they are equally suitable for both civilian and military vehicles.

Well, I suppose I'll end this part of the presentation here, as we've shared our positive feelings about the company's rapid expansion, which has led to us now having two factories in Europe. They're so large that we could talk about them for a very long time. There are more detailed financial indicators in the appendices, but I think we'd better move on to the questions.

Right, so this call is also being recorded and will be posted on our website, so you can watch it again if you wish. As Mr Gevorkyan said, the detailed financial figures are in the appendices. So I'll stop sharing the presentation and we can move on to the questions.

I'll read out the first one: Jan Bystrický, good afternoon, congratulations on the excellent results. Has there been any change regarding how you intend to deal with the maturity of the €30 million bond in autumn 2026? Yes, we currently have three offers on the table.

First of all, it should be said that two of the offers involve swapping bonds for bonds. One offer is in the form of an instalment loan, but what I wanted to say at the start is that, in any case and under any scenario, we will be exchanging debt for no more than the same amount of debt. This means that the €30 million and the maximum amount of the loan we will use to refinance, or the bonds, will also be €30 million.

In fact, just before this call, Mr Gevorkyan and I had a brief meeting regarding one of the offers, where we were really just finalising the details together, so I believe that within a week or two, a binding offer for one of these three options – which we have yet to decide on – will be signed. Richard Koza. Good afternoon.

I would like to note that you are increasing the free float of shares, not at the expense of retail investors as was the case last time. Sentiment has not been positive since the IPO. What do you intend to do about this? Perhaps I could answer this question, even though it is a financial one.

We're not particularly thrilled about it; to put it simply, share prices aren't rising as much as we'd like. But increasing the free float was one of the key recommendations we received from experts, who pointed out that we're a small company on a small stock exchange with a small free float. So we're trying to change these parameters.

Why it isn't rising, I don't know. In any case, we have always kept our promises. To be frank, we're going to focus on the business.

We're interested in what will become of the company in 10, 20, 30 years' time, and we believe that one day the market will appreciate our stability. Good morning, thank you. Can you say something about production for potential defence projects? Where in Poland can you increase capacity? Thanks, Norbert Kaliwoda.

Thank you. For the defence industry, one of our main projects is ballistic protection and these ballistic protection materials for people, for staff, but also for military vehicles, drones, tanks, whatever. This is one of our main projects for the defence industry, and we have been using this type of material for several decades within our company for our own needs, not for ballistic protection.

Nowadays, unfortunately, these materials are becoming very popular, and for us it is important simply to be able to increase capacity and meet market demand. Yes, we believe that Poland is a really good market – and I would even say the best market – for this application. Part of my family is Polish, and I personally have a very good relationship with our Polish partners, so I believe that this business can grow in Poland, but on the condition,

to be frank, that production is based in Poland. This is my personal view of the Polish market, particularly when it comes to the defence industry in Poland.

I will try to answer as honestly as possible, based on what we have been told by the auditors. As far as these expenses are concerned, they relate to parts that were produced and delivered in the first quarter, up to 31 March, but had not yet been invoiced by 31 March, which means that the loss of revenue is included but I will not factor it in. Despite this, I think it is purely a financial matter, and for the second quarter we expect the market to be below 50 million euros.

Good day. The results are good. Congratulations.

This year, for example, you will be refinancing pensions. You also do not want to issue bonds at record levels. How do you plan to finance the development or buyback of your own shares? As far as these questions are concerned, some debt will arise during the second quarter, but on the other hand, you know, we also pay out a lot; that is, I don't know, when 3 million euros come in, 3 million euros are paid out, so in the second quarter we should be at the same level.

As for financing, whether it be the purchase of own shares, CAPEX, or anything else, it will simply be a combination of internal and external sources. Good afternoon, Peter Palovič. Could you comment on the consumption of materials and energy, which has increased by 32%? This is probably more of a technical question for me.

The point is that the new projects coming in are also focused on different types of materials. We have materials that cost €1.50 per kilo, but we also have materials that cost €30 per kilo. The key point is that working with the more expensive materials is much more complex; they consume more energy, but at the same time there is greater added value, as very few people know how to work with those materials.

So in our case, if I'm reading the financial statements correctly, although material and energy costs have risen on the one hand, this has actually benefited our profitability. It didn't eat into our profit margin, because we started using more material to produce the same output. Next, a question from Peter Novák.

Good afternoon. I'd like to return to the annual report. It lists overdue liabilities of over 11 million euros.

What is the reason for this? Who are these liabilities owed to? Most of these liabilities are owed to our tool shop, GPM Tools. As for why the overdue liabilities are what they are, I believe everything is in the 'up to 30 days' column. So, you see, even if a liability is due on 31 December, it still falls under this figure.

There's nothing long-term there. It's effectively just a matter of internal cash flow management. And of course, a large part of it is also to external customers, but I think, as far as cash flow is concerned, the later we pay our liabilities, the better for us.

In many cases, to be frank. Many suppliers aren't able to offer officially longer payment terms, but on the other hand, we have very long payment terms for our customers. We have payment terms of up to 90 or even 120 days.

And with large companies, we also have to deal with the fact that they have some internal payment deadline, so it's 120 days from the end of the invoicing month, or 90 days from the end of the invoicing month, and so on and so forth. Given that we've had the same suppliers for three decades, we tell them: 'Fine. And whether you like it or not, that's how it'll be.'

But we'll pay on the terms that suit our cash flow, though we've never left you out of pocket. Our phone numbers are the same; our company registration number and VAT number haven't changed. So just relax – we don't really see it as a big deal. We're simply managing our cash flow in a way that works for us.

Do you have any details regarding capital expenditure? Certainly we do, and we have further plans; much of our capital expenditure, let's say, for 2027 needs to be ordered right now, as delivery times are very long. We can share these plans after the call. Thank you.

Congratulations on the excellent results. When do you expect the growth in operating profit to be reflected in a significant increase in net profit?

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I think as early as 2026, because we anticipate that there will no longer be such a significant increase in CAPEX – that is, capital expenditure – and consequently in depreciation, which subsequently reduces other profit items below the EBITDA level.

As for 2026, I might also be able to partially answer the previous question. Such a major investment cycle is more or less behind us. For 2026, we are planning CAPEX at the same level as the previous year, and in 2027 we are already anticipating a decline for the first time, even compared to 2026.

I would like to add that this 'ship' has undergone major, fundamental investments. We might have finished with this a year or a year and a half ago, but then came one war, then another, and that brought new realities. We had to decide whether to wait until the global situation stabilised, or, on the contrary, to step on the gas, invest, expand the company and make it flexible so that we could capitalise on the opportunities that arise.

I'll say more — it doesn't end with the Italian acquisition either. We have signed NDAs with two other companies; we're in discussions and due diligence is underway. If it makes sense, we'll expand our operations in Southern Europe, because that's where we want to be. From there, we're close to Africa, where serious negotiations are already underway to set up production. I'm not talking about a sales office, but a manufacturing plant.

Despite all these considerations, we know that debt will fall.

I would like to add one more thing regarding the Italian acquisition. In my view, that company got into trouble precisely because it failed to invest. When I was there for the first time and saw the production facilities compared to our own production hall, I had a very good feeling. Even what many criticise us for – namely high CAPEX – was, in my opinion, the right decision.

We saw that, compared to us, that company was two or three levels behind technically and technologically, whether in terms of machinery, robotisation, automation and so on.

It's also interesting that when we visit our competitors, we sometimes even invite them to our premises. We show them how we operate, and then we ask them openly whether we want to fight over a crust of bread, or whether we'd rather make the most of each other's strengths.

Our robots in Slovakia are robotised workstations that we designed and built ourselves; no bank or leasing company would ever finance them for us, yet they operate at 100% capacity – that is, twice as fast as the best German workstations we see across Europe.

This is our best argument for persuading today's potential competitors to collaborate. We tell them openly that we are listed on the stock exchange, that people can buy a stake in our company, and we are willing to do the same with theirs.

With such open and honest communication, many business owners realise that they have already missed the boat. That it is too late for them to start with expansion, technical development or automation. Making a company more efficient requires tens of millions of euros and years of work. And today, they often have neither at their disposal.

Many of them are also at an age where they no longer feel up to the next battle. We always honour all agreements in good faith, even those not set out in writing down to the last detail. And in this way, the company builds a good reputation, whether in terms of integrity, technical standards, efficiency or work organisation.

We are now literally capitalising on this. Like the boomerang in our company logo, it comes back to us in the form of excellent results.

We assess every single investment strategically, and it is approved by the entire management team: the financial director, the technical director and the production director. The discussions aren't always calm, but we always discuss what the investment will bring to the company in the long term.

If we agree that it makes sense, whether in terms of capacity or increased efficiency, then we go ahead with the investment.

And I'd like to reiterate that we don't waste money. We don't buy luxury items, yachts or similar nonsense. Absolutely all the money we earn goes back into the company.

We haven't received any further questions yet, so if you have any more questions, you can ask them now in the chat. We'll give it another minute.

Hello, can you hear us?

Yes, please go ahead.

Thank you. I'd also like to congratulate you on the good results for the first quarter. Perhaps I could follow up on Italy. If I understood correctly, Mr Bátorvský mentioned current sales of around 1 million euros per month. Does that imply an annual potential of around 12 million euros? Or, if further investments and efficiency improvements are made, is that potential higher? And do you expect to achieve operational profitability within this year?

At present, two things need to be said. The first is that if we did nothing, the Italian factory currently has turnover of around 10 to 15 million euros.

The second point is the potential. There are new customers and new projects. They lacked automation for some things, and capacity for others. We can provide that for them.

I have personally had meetings with major customers, and they have said on several occasions that if the owner is a publicly traded company – a listed firm with greater resources – then they can give us the opportunity to participate in completely different projects. Previously, it was a risk for them to entrust such projects to a smaller firm.

A listed company makes a completely different impression on large corporate clients. I don't want to advertise the stock exchange, but large corporations perceive it differently.

So the potential is there, but we don't want to make any promises prematurely. It hasn't even been a month since we bought and took over the factory. For us, the absolute figure isn't the most important thing; it's about getting it to a similar level of efficiency to what we have. That's the key.

Once efficiency is achieved, customers will see it. They visit the site every week.

Unfortunately, during the acquisition process, the factory fell behind with several orders. Not significantly, but it had a cash flow problem because the whole process was expensive and unnecessarily drawn out. Instead of a maximum of 8 months, it took a year and 8 months.

Things are looking good now, but we need to help the factory keep up with deliveries so that customers can manage the situation. Customers can already see that a company which had potential but lacked the means has reached a point where it will be able to deliver what it wants to and what customers expect from it.

As for reporting, as at 31 December we will have an operating profit and all statements will already be at a consolidated level. We want the same level in Italy as in Gevorkyan, Slovakia, including transfer pricing and the like. Everything will be consolidated.

There will certainly be an update. However, as the owners of the Italian factory, we now want to meet with customers. There are almost a hundred new customers there, and we need to move on from 'if you do this, we'll give you that' discussions to reality. That's now been done, so let's get into the details.

At the same time, not everything customers want necessarily suits us. Many projects in Europe today are based on the fact that customers want to cut themselves off from Asia. There are huge potential volumes there, but we have to be the very filter.

We can see, for example, that several orders for the US and American companies have grown very significantly, by hundreds of per cent. There is a clear desire there to cut ties with Asia. We feel more comfortable with this, because they face uncertainty and serious logistical problems.

Europe does not face such major logistical problems in relation to Asia from a pricing perspective. There, it is more a matter of a long-term plan. The question is whether the willingness to have a local supplier will outweigh the desire to have the same price as from Asia.

However, there are ways to work around this. For example, with larger batches, we don't want weekly or monthly deliveries. For some products, the rule is: if you want this level of quality combined with this price, buy a two-year supply in advance. Or place a two-year order with us, committing to take delivery even if you no longer need it later on.

We also have projects where, after a year, we scrap the material and the customer pays us as if they had bought it. These are very complex processes currently taking place in Europe. You have to be flexible and, above all, not just chase numbers. Even if it means that the share price won't rise immediately, the key thing is to protect the company and not be lured by the cheap appeal of an immediate benefit.

Thank you for your answers.

Thank you too.

Another question has come in via chat: Do you plan to further dilute the shares? Last time you replied that a rights issue would only be on the table once the share price reached CZK 500. Didn't the last SPO also reduce debt at the expense of shareholders? Otherwise, the results finally look good; all the best. Thank you for your reply.

First of all, if this really is the last question, I'd like to thank everyone who has congratulated us. It's not just about the results; there's actually a huge amount of hard work behind it. Believe me, the people in the company are literally working their fingers to the bone. It's not a company for everyone. It's even written at the entrance: we really aren't a company for everyone.

Here, you work harder than perhaps anywhere else. But that's why the people who work here love it and aren't just doing it for the money.

I think that 500 CZK is the minimum required for us to say that the company's value is at least roughly correctly perceived. If the impression arises somewhere that we've invested a lot, we need to look at it strategically.

In this sense, many envy us. German competitors have already started approaching us, literally saying: come and do the same.

In the short term, when you look at the financial statements for a single year, it looks like debt. But if you look at it strategically – what will happen in 10 years, in 2 years, and what opportunities this opens up today based on last year's results – then I think we did the right thing. If I had a magic wand and could go back, we would do the same.

As for reducing debt, when making the decision – and I'll say this as the majority shareholder – I had two options. Either I put the company into debt, given that we had offers on the table from financial institutions for acquisition loans, which they would have provided us with without any problem. However, these would have been expensive loans.

I didn't want that, because I think we'd had enough. I'd rather sacrifice a bit of my own stake, but the company gains a strategic advantage. And that was the decision we made.

In the short term, certainly either an SPO or a loan. We chose the solution that we felt had greater strategic significance for the company.

If you have any further questions, please speak into the microphone as soon as possible or send a message.

Thank you for joining the call. The recording will be available on our finance subpage. I would like to thank Mr Gevorkyan and Andrej Bátovský for joining the call, and I hope we have provided you with sufficient answers. If you have any further questions, please do not hesitate to contact Andrej Bátovský at andrej.batovsky@gevorkyan.sk or via our website.

Thank you once again for taking part, and we'll see you at the next call. Goodbye.