

**Recommendation:** Buy

**Price target:** 31.00 BGN

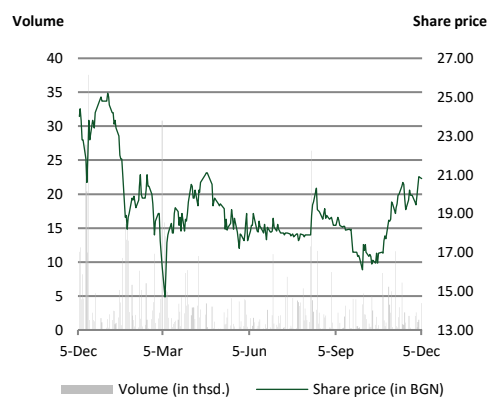
**Upside potential:** +49 percent

**Share data**

|                             |              |
|-----------------------------|--------------|
| Share price                 | 20.80 BGN    |
| Number of shares (in m)     | 18.00        |
| Market cap. (in BGN m)      | 374.4        |
| Enterprise Value (in BGN m) | 351.9        |
| Code                        | BUL:A4L      |
| ISIN                        | BG1100003166 |

**Performance**

|                       |        |
|-----------------------|--------|
| 52 week-high (in BGN) | 25.40  |
| 52 week-low (in BGN)  | 14.00  |
| 3 M relative to CDAX  | +0.2%  |
| 6 M relative to CDAX  | +10.5% |



Quelle: Capital IQ

**Shareholder**

|                  |       |
|------------------|-------|
| Free float       | 35.0% |
| Dimitar Dimitrov | 32.5% |
| Svetlin Todorov  | 32.5% |

**Calendar**

Annual Report 2022 March 2023

**Changes in estimates**

|             | 2022e | 2023e | 2024e |
|-------------|-------|-------|-------|
| Sales (old) | 90.0  | 125.0 | 160.0 |
| Δ in %      | -     | -     | -     |
| EBIT (old)  | 20.6  | 30.6  | 39.2  |
| Δ in %      | -     | -     | -     |
| EPS (old)   | 0.96  | 1.41  | 1.78  |
| Δ in %      | -     | -     | -     |

**Analyst**

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**Publication**

Comment 8. December 2022

**Successful Black Week prompts company to confirm guidance at the upper end – Installed basis continues to grow**

Allterco yesterday announced that the important Black Friday week has been a success in terms of business development. Consequently, the company has substantiated its recently increased sales and earnings guidance at the upper end of the targeted range.

**More than half a million devices sold:** Sales came in at BGN 13.2m (EUR 6.8m) during the Black Week, which is 44% above the prior-year number. This means the promotion period, a season which is extremely important, has been successful for the company. More than half a million Shelly devices were sold on and around Black Friday, with Germany and Italy being the most interested, followed by Spain, Portugal, and Benelux. As a result, the company has substantiated its recently increased outlook for 2022 at the upper end (sales: BGN 90m, EBIT: BGN 20.5m). As we had already expected Allterco to achieve these goals, we see it as a confirmation of our positive view on the company’s development in 2022.

**Installed basis continues to grow:** The products currently sold and the basis in Q3 (> 7m devices) should add up to more than 8m Shelly devices used in over 2m households around the globe. Consequently, Allterco has one of the most established smart home platforms worldwide. The active and strongly growing community of Shelly users is of equal importance in our view. For instance, the Shelly Support Group on Facebook currently has 54.4k members and thus more active participants than the largest Sonos user group (31.9k members). Together with other user forums, Shelly currently has more than 100k active community participants according to its own statements – this is an increase of more than 30k over the last 6 months.

**Allterco in great demand as a partner:** This installed basis and the steadily growing data volume make Allterco a partner which is highly sought after in the smart home sector. We had already pointed out the development collaborations with Apple, Samsung and Google (cf. Comment on 10 October 2022). With this in mind, we believe that today’s news about the opening of a new R&D centre in Dublin – where Google’s European headquarters are located – appears to be appropriate. In addition, Allterco has also become an increasingly interesting provider of real-time data for energy consumption. Such a data service with a latency of a few milliseconds is currently being set up for an energy provider in South Africa – one of the current c. 60 API partners of the Shelly cloud (c. 40 others onboarding). Similar collaborations are planned to be further expanded next year and be monetarised for the first time.

**Conclusion:** Allterco is well on track to conclude the year with strong sales and earnings. We believe the growth trend is unbroken due to the network effects and the solid market growth. Based on the economies of scale expected in 2023 and the following years we continue to regard the valuation as attractive even after the latest price development and therefore confirm our buy recommendation.

| FYend: 31.12.       | 2020  | 2021  | 2022e | 2023e | 2024e |
|---------------------|-------|-------|-------|-------|-------|
| Sales               | 46.3  | 59.5  | 90.0  | 125.0 | 160.0 |
| Growth yoy          | 39.1% | 28.4% | 51.2% | 38.9% | 28.0% |
| EBITDA              | 13.4  | 19.8  | 22.4  | 33.4  | 43.0  |
| EBIT                | 12.4  | 18.7  | 20.6  | 30.6  | 39.2  |
| Net income          | 13.4  | 16.0  | 17.2  | 25.4  | 32.1  |
| Gross profit margin | 46.8% | 55.1% | 50.0% | 49.0% | 48.0% |
| EBITDA margin       | 28.9% | 33.2% | 24.9% | 26.7% | 26.9% |
| EBIT margin         | 26.7% | 31.4% | 22.9% | 24.5% | 24.5% |
| Net Debt            | -21.9 | -28.0 | -23.2 | -34.1 | -48.5 |
| Net Debt/EBITDA     | -1.6  | -1.4  | -1.0  | -1.0  | -1.1  |
| ROCE                | 43.0% | 51.5% | 44.0% | 49.8% | 53.5% |
| EPS                 | 0.90  | 0.89  | 0.96  | 1.41  | 1.78  |
| FCF per share       | 0.08  | 0.36  | -0.06 | 0.79  | 1.08  |
| Dividend            | 0.10  | 0.20  | 0.19  | 0.28  | 0.36  |
| Dividend yield      | 0.5%  | 1.0%  | 0.9%  | 1.3%  | 1.7%  |
| EV/Sales            | 7.6   | 5.9   | 3.9   | 2.8   | 2.2   |
| EV/EBITDA           | 26.2  | 17.8  | 15.7  | 10.5  | 8.2   |
| EV/EBIT             | 28.5  | 18.8  | 17.1  | 11.5  | 9.0   |
| PER                 | 23.1  | 23.4  | 21.7  | 14.8  | 11.7  |
| P/B                 | 6.6   | 5.7   | 4.7   | 3.7   | 2.9   |

Source: Company data, Montega, CapitalIQ

Figures in Lev (BGN) m, EPS in BGN / 1 BGN = 0.51129 EUR Price: 20.80 BGN

## COMPANY BACKGROUND

Allterco is a joint stock company under Bulgarian law (JSCO) headquartered in Sofia, which is specialized in the development and distribution of products from the smart home sector. The company also distributes tracking products, but they rather play a minor financial role (revenue share: < 5%).

Allterco's reporting currency is lev (BGN). Bulgaria has planned to join the euro with effect of 1 January 2024. As the lev was tied to the Deutsche Mark for historical reasons (at a ratio of 1:1 since 1999), the lev to euro conversion rate corresponds to the DM at that time, namely 1 lev = 0.51129 euros and 1 euro = 1.95583 lev. This rate has been fixed by Bulgarian law and does not change.

Allterco's smart home products are sold under the „Shelly” brand. Alongside plug-and-play solutions and sensors, the portfolio mainly includes relays which are installed hidden behind the socket or switch, and which can be directly controlled via a Wi-Fi connection or Bluetooth. Allterco differs essentially from many other providers (Philips Hue, Tado or Fibaro amongst others), whose product often can only be controlled via a hub/bridge within their own ecosystem. Furthermore, the products can be combined with other smart home applications and are in the entry-level price segment with a starting price of less than EUR 20. In addition to smart home products, Allterco's product portfolio also includes smartwatches specifically for children as well as tracking devices, for instance for baggage, pets, or health care data.

### Key Facts

|                        |  |                    |                         |
|------------------------|--|--------------------|-------------------------|
| <b>Code</b>            | A4L  | <b>Revenue</b>     | 59.5 BGN m / 30.4 EUR m |
| <b>Sector</b>          | Technology   | <b>EBIT</b>        | 18.7 BGN m / 9.6 EUR m  |
| <b>Employees</b>       | 90   | <b>EBIT margin</b> | 31.4%                   |
| <b>Core competence</b> | Development, production as well as marketing of high-quality IoT products, especially in the field of Smart Home |                    |                         |
| <b>Locations</b>       | Headquarters Sofia (Bulgaria), other locations are in Munich (Germany) and Las Vegas (USA)                       |                    |                         |
| <b>Regions</b>         | DACH (42%), Southern Europe (28%), Northern Europe (11%), Rest of Europe (9%), RoW (6%)                          |                    |                         |

Source: Company

Status: 31.12.2021

### Organizational structure

Allterco JSCO, which is based in Sofia, is the group's parent company. The holding includes five subsidiaries which are all fully consolidated and fully owned by Allterco JSCO. The companies are in Bulgaria, Germany, and the USA. Overall, Allterco has c. 90 employees (at the end of FY 2021), 45% of which are working in the technology area, 20% in sales & support, 15% in logistics and 20% in the remaining areas.



Source: Company

### Major events in the company's history

- 2003** Foundation of Teracomm Ltd. in the field of telecommunications services
- 2012** Foundation of today's Allterco JSCO holding company with the intention to bundle the structure
- 2013** Development of "Shelly", the first home automation device
- 2015** Reorganization of the company and focus on IoT sector
- 2016** IPO at the Bulgarian BVB stock exchange
- 2018** Establishment and expansion of Shelly and MyKi products with international distribution
- 2019** Sale of the European telco business and exclusive focus on smart home and tracking products
- 2019** Expansion in the USA
- 2020** Capital increase for growth financing and increase in trading liquidity (gross emission proceeds: BGN 9.2m)
- 2021** Additional listing at the Frankfurt Stock Exchange
- 2021** Disposal of non-relevant subsidiaries in Asia from a strategic point of view
- 2022** LOI for the acquisition of Slovenian IoT provider GOAP d.o.o.

### Products

Allterco's product portfolio spans from various smart home products and smartwatches specifically for children to monitoring and tracking products. Smart home products account for the lion's share (> 95%) of Allterco's revenues and thus are at the center of the company's equity story.

#### Selection of smart home products from the shelly brand



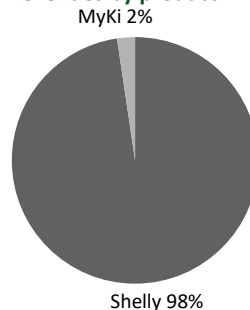
Source: Company

Allterco's smart home products are sold and distributed under the "**Shelly**" brand. Relays build the basis of these products. They allow for remote control of lights, electric devices, or sensors. These relays are connected to the power supply behind a socket or a switch and can be controlled through Wi-Fi via the Shelly app or one of many different providers from the IoT sector (Amazon Alexa, Google Home, SmartThings, Home Assistant etc.) entirely without additional hub. Besides controlling the devices in case of need, Shelly also allows for establishing routines (e.g. retracting the awning in the event of storm warnings) and monitoring energy consumption. Because of the Wi-Fi standard used, the relays can be combined with other smart home devices with Wi-Fi standard without any problems.

In addition to the traditional relays, which people can easily install in their own home, the Shelly brand also offers products within their **Pro line** for an installation in the fuse box. The Pro products can be controlled both via Wi-Fi and LAN and thus are more secure and reliable. Consequently, the Shelly Pro line is often also installed in office buildings, retail stores or production sites. We believe it is also of major interest for B2B customers (such as electricians). Allterco’s **Plus line** introduced a new generation of Shelly relays, which are characterized by newer technology (processor, W-Fi and Bluetooth module) and a slightly smaller design.

Alongside the relays, which are not visible after their installation, Allterco also offers various **plug-and-play** products. The assortment includes the Shelly Plug (WiFi socket), the Shelly Bulb (smart bulb), the Shelly Button (programmable Wi-Fi button) and the Shelly TRV (WiFi heating thermostat). Additionally, the Shelly product portfolio provides various **detectors and sensors** (motion detectors, temperature and humidity sensors, smoke detectors as well as door and window sensors).

Revenues by product line



Source: Company

Smartwatch and tracking products from Allterco



Source: Company

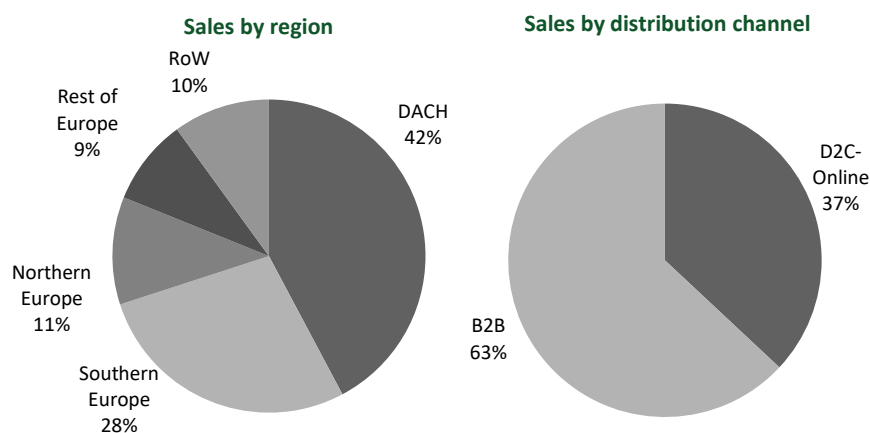
Smartwatch and tracking products of the **MyKi** brand play a subordinate role in our view (revenue share: < 5%). The product portfolio is composed of **smartwatches** specifically designed for children. Primarily, these are watches equipped with a nano sim card and different localization technologies (Wi-Fi, GPS, AGPS, LBS) so that parents can locate and call their children at any time. Children, in turn, can call contacts that were defined by their parents. The **tracking device spot** is another MyKi product. It enables tracking of baggage or pets, for instance, with the help of a micro sim card and the localization technologies above. Additionally, an SOS function (panic button) is programmable here as well.

Most of Allterco’s products are developed in Sofia. The key parts of the raw materials – most notably chips – are procured by Allterco itself and made available to the suppliers in Asia. Procurement is almost exclusively done in China among a couple of core suppliers (Top 5 suppliers > 90% of material expenses). Allterco always strives to be the largest customer of every supplier to have a good bargaining position. As the products have a very low pack size, they are shipped by air and sea freight. The share of sea freight is planned to be significantly increased to continue to lower ancillary costs of procurement.

**Markets and sales**

The company does not provide segment reporting pursuant to IFRS 8 so far. The 2022 Annual Report is based on a regional segment analysis as primary segment.

Allterco generates the largest portion of revenues in the DACH region (42%) and in South Europe (28%). The North European market ranks third with only 11% but the company wants to expand this share over the next few years. The rest of Europe and the rest of the world (RoW) account for another 9% and 10% respectively. Allterco still sees significant growth potential in all the regions. There are currently no regional sales teams except for the DACH region. It is planned to establish teams in the European core regions over the next few quarters. The North American market is a key growth region in the RoW sector, which has hardly been developed so far. According to the company, inorganic growth may also be an option here to accelerate the development of the market.



Source: Company

Just under 40% of the products are currently distributed through the Shelly and MyKi websites (D2C online). The company wants to significantly professionalize D2C sales over the next few quarters. As a start, the web shops will be relaunched in all relevant languages. In parallel, however, Allterco also pushes ahead the backend processes for faster delivery times as well as the SEO and SEA optimization.

The B2B sector includes all sales to commercial customers. Most of them resell the products via online channels such as Amazon. At present, Amazon Germany is exclusively addressed by partners. Allterco assumes that only some 20% of B2B revenue and 10% of total revenues are currently generated with electricians. Professional providers likewise hold significant growth potential. For instance, Allterco is currently negotiating with a major electrical wholesaler for a listing of the Shelly products.

**ESG positioning**

In line with Allterco’s product portfolio, which includes a broad variety of products for energy metering and energy conservation, the company also pursues ambitious ESG goals. Amongst others, this includes the conversion to 100% renewable energy and the reduction of energy consumption by 70% by 2030 at the latest. Furthermore, Allterco aims to establish more diversity at management level and to provide a concerted work-life balance for the employees. The table below summarizes the ESG goals of Allterco.

**ESG objective of Allterco**

The infographic is divided into three main columns: Ecological, Social, and Governance. Each column has a header with a circular icon and a sub-header. Below each sub-header are three specific goals with icons and brief descriptions.

| Ecological   | Social   | Governance   |
|--|--|--|
| <i>Developing a sustainable future</i>   | <i>Connecting communities across the globe</i>   | <i>Guiding the industry through early adoption</i>                                       |
| <b>Enabling</b><br>On target to reduce company energy consumption latest by 70% by 2030                            | <b>Communities</b><br>Committed to a sustainable environment for the communities we serve                                | <b>Diverse Leadership</b><br>Committed to a diverse leadership & supervisory board       |
| <b>Sustainability</b><br>On Track to shift internal Products & Services to sustainable alternatives latest by 2030 | <b>Employees &amp; Neighbors</b><br>Engaged as employees & neighbors, actively working together to benefit our community | <b>Empowering</b><br>Delivering results while empowering employees to make key decisions |
| <b>100% renewables</b><br>In-line with company commitment to have a net zero carbon footprint latest by 2030       | <b>Outreach</b><br>Actively communicating to benefit our community & environment   | <b>Enabling Balance</b><br>Flexible employee workplaces                                  |

Source: Company

## Management

Allterco JSCO has a one-tier governance model with an executive and non-executive board structure. Dimitar Dimitrov and Wolfgang Kirsch are executive board members responsible for the company's operational management.



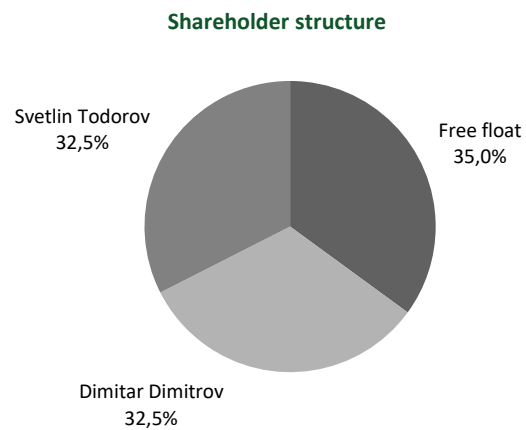
**Dimitar Dimitrov** is the founder of Allterco, CEO of the Bulgarian holding company, and one of the biggest individual shareholders with a stake of some 33%. In addition to administrative topics at group level, Mr. Dimitrov is primarily responsible for R&D. Mr. Dimitrov had already established other IT companies before, such as a software company for 8- and 16-bit computers and a television channel (REAL TV) as well as IT magazines such as PC Review, Computers, and GSM Review.



**Wolfgang Kirsch** has been the CEO of Allterco Europe since end-2021 and is primarily focused on the expansion of the European business. Prior to this, Mr. Kirsch had been active in the retail business for over 25 years. He held the position of Chief Operating Officer (COO) at the MediaMarktSaturn retail group. Following his job at MediaMarktSaturn, Mr. Kirsch worked as an external consultant of McKinsey & Company and of private equity companies and was involved in various projects related to the digital transformation of international conglomerates and midsize companies.

### Shareholder structure

The shares of Allterco JSCo are traded on the regulated market of the Frankfurt Stock Exchange. The share capital is divided in 17,999,999 ordinary shares. Board member Dimitar Dimitrov and co-founder Svetlin Todorov are the largest individual shareholders with a stake of 33% each. The stakes of the other shareholders are below the 3% threshold and are therefore included in the free float (35%).



Source: Company

APPENDIX

| DCF Model                                |              |              |              |               |              |              |                        |                |  |
|--|--------------|--------------|--------------|---------------|--------------|--------------|------------------------|----------------|--|
| Figures (in Lev m)                       | 2022e        | 2023e        | 2024e        | 2025e         | 2026e        | 2027e        | 2028e                  | Terminal Value |  |
| <b>Sales</b>                             | <b>90.0</b>  | <b>125.0</b> | <b>160.0</b> | <b>210.0</b>  | <b>262.5</b> | <b>301.9</b> | <b>332.1</b>           | <b>340.4</b>   |  |
| <i>Change yoy</i>                        | 51.2%        | 38.9%        | 28.0%        | 31.3%         | 25.0%        | 15.0%        | 10.0%                  | 2.5%           |  |
| <b>EBIT</b>                              | <b>20.6</b>  | <b>30.6</b>  | <b>39.2</b>  | <b>52.5</b>   | <b>65.6</b>  | <b>70.9</b>  | <b>73.1</b>            | <b>68.1</b>    |  |
| <i>EBIT margin</i>                       | 22.9%        | 24.5%        | 24.5%        | 25.0%         | 25.0%        | 23.5%        | 22.0%                  | 20.0%          |  |
| <b>NOPAT</b>                             | <b>17.3</b>  | <b>25.4</b>  | <b>32.1</b>  | <b>42.5</b>   | <b>53.2</b>  | <b>57.5</b>  | <b>59.2</b>            | <b>55.8</b>    |  |
| <b>Depreciation</b>                      | <b>1.8</b>   | <b>2.8</b>   | <b>3.8</b>   | <b>6.3</b>    | <b>7.9</b>   | <b>8.2</b>   | <b>8.1</b>             | <b>8.3</b>     |  |
| <i>in % of Sales</i>                     | 2.0%         | 2.2%         | 2.4%         | 3.0%          | 3.0%         | 2.7%         | 2.4%                   | 2.4%           |  |
| <b>Change in Liquidity from</b>          |              |              |              |               |              |              |                        |                |  |
| - Working Capital                        | -13.9        | -6.3         | -8.4         | -17.3         | -13.5        | -10.0        | -3.0                   | -0.8           |  |
| - Capex                                  | -6.3         | -7.5         | -8.0         | -8.4          | -10.5        | -9.1         | -8.3                   | -8.5           |  |
| <i>Capex in % of Sales</i>               | 7.0%         | 6.0%         | 5.0%         | 4.0%          | 4.0%         | 3.0%         | 2.5%                   | 2.5%           |  |
| Other                                    | 0.0          | 0.0          | 0.0          | 0.0           | 0.0          | 0.0          | 0.0                    | 0.0            |  |
| <b>Free Cash Flow (WACC model)</b>       | <b>1.1</b>   | <b>-1.0</b>  | <b>14.4</b>  | <b>19.6</b>   | <b>23.1</b>  | <b>37.1</b>  | <b>46.6</b>            | <b>55.9</b>    |  |
| <b>WACC</b>                              | 9.6%         | 9.6%         | 9.6%         | 9.6%          | 9.6%         | 9.6%         | 9.6%                   | 9.6%           |  |
| Present value                            | -1.0         | 13.0         | 16.2         | 17.4          | 25.4         | 29.2         | 31.9                   | 399.3          |  |
| <b>Total present value</b>               | <b>-1.0</b>  | <b>12.0</b>  | <b>28.1</b>  | <b>45.5</b>   | <b>71.0</b>  | <b>100.1</b> | <b>132.1</b>           | <b>531.3</b>   |  |
| <b>Valuation</b>                         |              |              |              |               |              |              |                        |                |  |
| Total present value (Tpv)                | 531.3        |              |              |               |              |              |                        |                |  |
| Terminal Value                           | 399.3        |              |              |               |              |              |                        |                |  |
| Share of TV on Tpv                       | 75%          |              |              |               |              |              |                        |                |  |
| Liabilities                              | 2.6          |              |              |               |              |              |                        |                |  |
| Liquidity                                | 30.5         |              |              |               |              |              |                        |                |  |
| <b>Equity value</b>                      | <b>559.3</b> |              |              |               |              |              |                        |                |  |
| <b>Growth: sales and margin</b>          |              |              |              |               |              |              |                        |                |  |
|  |              |              |              |               |              |              | 2022-2025              | 32.6%          |  |
|  |              |              |              |               |              |              | 2022-2028              | 24.3%          |  |
|  |              |              |              |               |              |              | from 2029              | 2.5%           |  |
|  |              |              |              |               |              |              | 2022-2025              | 24.2%          |  |
|  |              |              |              |               |              |              | 2022-2028              | 23.9%          |  |
|  |              |              |              |               |              |              | from 2029              | 20.0%          |  |
| <b>Sensitivity Value per Share (Lev)</b> |              |              |              |               |              |              |                        |                |  |
|  |              |              |              |               |              |              | Terminal Growth        |                |  |
| WACC                                     |              | 1.75%        | 2.25%        | <b>2.50%</b>  | 2.75%        | 3.25%        |                        |                |  |
|  | 10.15%       | 27.04        | 28.19        | 28.83         | 29.51        | 31.01        |                        |                |  |
|  | 9.90%        | 27.97        | 29.22        | 29.91         | 30.65        | 32.29        |                        |                |  |
|  | <b>9.65%</b> | 28.97        | 30.32        | <b>31.07</b>  | 31.88        | 33.67        |                        |                |  |
|  | 9.40%        | 30.03        | 31.51        | 32.32         | 33.20        | 35.17        |                        |                |  |
|  | 9.15%        | 31.17        | 32.77        | 33.67         | 34.63        | 36.80        |                        |                |  |
| <b>Sensitivity Value per Share (Lev)</b> |              |              |              |               |              |              |                        |                |  |
|  |              |              |              |               |              |              | EBIT-margin from 2029e |                |  |
| WACC                                     |              | 19.50%       | 19.75%       | <b>20.00%</b> | 20.25%       | 20.50%       |                        |                |  |
|  | 10.15%       | 28.32        | 28.57        | 28.83         | 29.08        | 29.34        |                        |                |  |
|  | 9.90%        | 29.37        | 29.64        | 29.91         | 30.18        | 30.45        |                        |                |  |
|  | <b>9.65%</b> | 30.51        | 30.79        | <b>31.07</b>  | 31.36        | 31.64        |                        |                |  |
|  | 9.40%        | 31.73        | 32.02        | 32.32         | 32.62        | 32.92        |                        |                |  |
|  | 9.15%        | 33.04        | 33.35        | 33.67         | 33.98        | 34.29        |                        |                |  |
| <b>Model parameter</b>                   |              |              |              |               |              |              |                        |                |  |
| Debt ratio                               | 25.0%        |              |              |               |              |              |                        |                |  |
| Costs of Debt                            | 7.0%         |              |              |               |              |              |                        |                |  |
| Market return                            | 9.0%         |              |              |               |              |              |                        |                |  |
| Risk free rate                           | 2.50%        |              |              |               |              |              |                        |                |  |
| Beta                                     | 1.30         |              |              |               |              |              |                        |                |  |
| WACC                                     | 9.65%        |              |              |               |              |              |                        |                |  |
| Terminal Growth                          | 2.5%         |              |              |               |              |              |                        |                |  |

Source: Montega

| P&L (in Lev m) Allterco JSCO                    | 2019        | 2020        | 2021        | 2022e       | 2023e        | 2024e        |
|---|-------------|-------------|-------------|-------------|--------------|--------------|
| <b>Sales</b>                                    | <b>33.3</b> | <b>46.3</b> | <b>59.5</b> | <b>90.0</b> | <b>125.0</b> | <b>160.0</b> |
| Cost of sales                                   | 19.6        | 24.6        | 26.7        | 45.0        | 63.8         | 83.2         |
| <b>Gross profit</b>                             | <b>13.7</b> | <b>21.7</b> | <b>32.8</b> | <b>45.0</b> | <b>61.3</b>  | <b>76.8</b>  |
| Research and development                        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| Sales and marketing                             | 0.4         | 0.5         | 2.7         | 4.1         | 5.6          | 7.2          |
| General and administration                      | 7.8         | 8.7         | 12.2        | 20.1        | 25.0         | 30.4         |
| Other operating expenses                        | 5.6         | 1.1         | 0.7         | 1.2         | 1.3          | 1.6          |
| Other operating income                          | 0.2         | 1.0         | 1.5         | 0.9         | 1.3          | 1.6          |
| <b>EBITDA</b>                                   | <b>1.1</b>  | <b>13.4</b> | <b>19.8</b> | <b>22.4</b> | <b>33.4</b>  | <b>43.0</b>  |
| Depreciation on fixed assets                    | 0.5         | 0.6         | 0.5         | 0.9         | 1.3          | 1.9          |
| <b>EBITA</b>                                    | <b>0.5</b>  | <b>12.8</b> | <b>19.2</b> | <b>21.5</b> | <b>32.1</b>  | <b>41.1</b>  |
| Amortisation of intangible assets               | 0.4         | 0.5         | 0.5         | 0.9         | 1.5          | 1.9          |
| Impairment charges and Amortisation of goodwill | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| <b>EBIT</b>                                     | <b>0.1</b>  | <b>12.4</b> | <b>18.7</b> | <b>20.6</b> | <b>30.6</b>  | <b>39.2</b>  |
| Financial result                                | 8.2         | 2.6         | 0.0         | -0.1        | -0.1         | -0.1         |
| <b>Result from ordinary operations</b>          | <b>8.3</b>  | <b>14.9</b> | <b>18.7</b> | <b>20.5</b> | <b>30.5</b>  | <b>39.1</b>  |
| Extraordinary result                            | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| <b>EBT</b>                                      | <b>8.3</b>  | <b>14.9</b> | <b>18.7</b> | <b>20.5</b> | <b>30.5</b>  | <b>39.1</b>  |
| Taxes   | 1.0         | 1.5         | 2.8         | 3.3         | 5.2          | 7.0          |
| Net Profit of continued operations              | 7.3         | 13.4        | 16.0        | 17.2        | 25.4         | 32.1         |
| Net Profit of discontinued operations           | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| <b>Net profit before minorities</b>             | <b>7.3</b>  | <b>13.4</b> | <b>16.0</b> | <b>17.2</b> | <b>25.4</b>  | <b>32.1</b>  |
| Minority interests                              | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| <b>Net profit</b>                               | <b>7.3</b>  | <b>13.4</b> | <b>16.0</b> | <b>17.2</b> | <b>25.4</b>  | <b>32.1</b>  |

Source: Company (reported results), Montega (forecast)

| P&L (in % of Sales) Allterco JSCO               | 2019          | 2020          | 2021          | 2022e         | 2023e         | 2024e         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Sales</b>                                    | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| Cost of sales                                   | 58.9%         | 53.2%         | 44.9%         | 50.0%         | 51.0%         | 52.0%         |
| <b>Gross profit</b>                             | <b>41.1%</b>  | <b>46.8%</b>  | <b>55.1%</b>  | <b>50.0%</b>  | <b>49.0%</b>  | <b>48.0%</b>  |
| Research and development                        | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Sales and marketing                             | 1.3%          | 1.2%          | 4.5%          | 4.5%          | 4.5%          | 4.5%          |
| General and administration                      | 23.3%         | 18.8%         | 20.5%         | 22.3%         | 20.0%         | 19.0%         |
| Other operating expenses                        | 16.8%         | 2.4%          | 1.2%          | 1.3%          | 1.0%          | 1.0%          |
| Other operating income                          | 0.5%          | 2.2%          | 2.5%          | 1.0%          | 1.0%          | 1.0%          |
| <b>EBITDA</b>                                   | <b>3.2%</b>   | <b>28.9%</b>  | <b>33.2%</b>  | <b>24.9%</b>  | <b>26.7%</b>  | <b>26.9%</b>  |
| Depreciation on fixed assets                    | 1.6%          | 1.2%          | 0.9%          | 1.0%          | 1.0%          | 1.2%          |
| <b>EBITA</b>                                    | <b>1.6%</b>   | <b>27.7%</b>  | <b>32.3%</b>  | <b>23.9%</b>  | <b>25.7%</b>  | <b>25.7%</b>  |
| Amortisation of intangible assets               | 1.3%          | 1.1%          | 0.9%          | 1.0%          | 1.2%          | 1.2%          |
| Impairment charges and Amortisation of goodwill | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>EBIT</b>                                     | <b>0.3%</b>   | <b>26.7%</b>  | <b>31.4%</b>  | <b>22.9%</b>  | <b>24.5%</b>  | <b>24.5%</b>  |
| Financial result                                | 24.7%         | 5.6%          | 0.0%          | -0.1%         | -0.1%         | 0.0%          |
| <b>Result from ordinary operations</b>          | <b>25.0%</b>  | <b>32.3%</b>  | <b>31.5%</b>  | <b>22.8%</b>  | <b>24.4%</b>  | <b>24.5%</b>  |
| Extraordinary result                            | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>EBT</b>                                      | <b>25.0%</b>  | <b>32.3%</b>  | <b>31.5%</b>  | <b>22.8%</b>  | <b>24.4%</b>  | <b>24.5%</b>  |
| Taxes   | 3.0%          | 3.3%          | 4.6%          | 3.7%          | 4.2%          | 4.4%          |
| Net Profit of continued operations              | 21.9%         | 29.0%         | 26.8%         | 19.2%         | 20.3%         | 20.1%         |
| Net Profit of discontinued operations           | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Net profit before minorities</b>             | <b>21.9%</b>  | <b>29.0%</b>  | <b>26.8%</b>  | <b>19.2%</b>  | <b>20.3%</b>  | <b>20.1%</b>  |
| Minority interests                              | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Net profit</b>                               | <b>21.9%</b>  | <b>29.0%</b>  | <b>26.8%</b>  | <b>19.2%</b>  | <b>20.3%</b>  | <b>20.1%</b>  |

Source: Company (reported results), Montega (forecast)

| Balance sheet (in Lev m) Allterco JSCO            | 2019        | 2020        | 2021        | 2022e       | 2023e        | 2024e        |
|---|-------------|-------------|-------------|-------------|--------------|--------------|
| <b>ASSETS</b>                                     |             |             |             |             |              |              |
| Intangible assets                                 | 6.5         | 6.4         | 3.4         | 3.4         | 3.2          | 2.8          |
| Property, plant & equipment                       | 4.5         | 5.1         | 4.8         | 9.3         | 14.3         | 18.8         |
| Financial assets                                  | 3.1         | 6.6         | 2.7         | 2.7         | 2.7          | 2.7          |
| <b>Fixed assets</b>                               | <b>14.1</b> | <b>18.1</b> | <b>10.9</b> | <b>15.4</b> | <b>20.1</b>  | <b>24.3</b>  |
| Inventories                                       | 1.3         | 3.7         | 7.6         | 12.9        | 13.9         | 17.8         |
| Accounts receivable                               | 5.4         | 13.9        | 19.2        | 28.4        | 34.2         | 39.5         |
| Liquid assets                                     | 10.9        | 26.1        | 30.5        | 25.8        | 36.7         | 51.1         |
| Other assets                                      | 8.0         | 3.9         | 4.3         | 4.3         | 4.3          | 4.3          |
| <b>Current assets</b>                             | <b>25.7</b> | <b>47.6</b> | <b>61.5</b> | <b>71.4</b> | <b>89.0</b>  | <b>112.7</b> |
| <b>Total assets</b>                               | <b>39.8</b> | <b>65.6</b> | <b>72.4</b> | <b>86.8</b> | <b>109.2</b> | <b>137.0</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |             |             |             |             |              |              |
| <b>Shareholders' equity</b>                       | <b>30.2</b> | <b>57.1</b> | <b>65.6</b> | <b>79.2</b> | <b>101.1</b> | <b>128.1</b> |
| <b>Minority Interest</b>                          | <b>0.1</b>  | <b>-0.3</b> | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>   | <b>0.0</b>   |
| Provisions  | 0.2         | 1.2         | 0.0         | 0.0         | 0.0          | 0.0          |
| Financial liabilities                             | 2.9         | 3.0         | 2.6         | 2.6         | 2.6          | 2.6          |
| Accounts payable                                  | 1.4         | 1.5         | 1.5         | 2.2         | 2.7          | 3.5          |
| Other liabilities                                 | 5.0         | 3.0         | 2.8         | 2.8         | 2.8          | 2.8          |
| <b>Liabilities</b>                                | <b>9.4</b>  | <b>8.8</b>  | <b>6.8</b>  | <b>7.5</b>  | <b>8.0</b>   | <b>8.8</b>   |
| <b>Total liabilities and shareholders' equity</b> | <b>39.8</b> | <b>65.6</b> | <b>72.4</b> | <b>86.8</b> | <b>109.2</b> | <b>137.0</b> |

Source: Company (reported results), Montega (forecast)

| Balance sheet (in %) Allterco JSCO                | 2019          | 2020          | 2021          | 2022e         | 2023e         | 2024e         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>ASSETS</b>                                     |               |               |               |               |               |               |
| Intangible assets                                 | 16.4%         | 9.8%          | 4.7%          | 3.9%          | 2.9%          | 2.1%          |
| Property, plant & equipment                       | 11.4%         | 7.7%          | 6.6%          | 10.7%         | 13.1%         | 13.7%         |
| Financial assets                                  | 7.7%          | 10.0%         | 3.7%          | 3.1%          | 2.5%          | 2.0%          |
| <b>Fixed assets</b>                               | <b>35.5%</b>  | <b>27.5%</b>  | <b>15.0%</b>  | <b>17.7%</b>  | <b>18.4%</b>  | <b>17.7%</b>  |
| Inventories                                       | 3.2%          | 5.6%          | 10.4%         | 14.9%         | 12.7%         | 13.0%         |
| Accounts receivable                               | 13.6%         | 21.3%         | 26.5%         | 32.7%         | 31.3%         | 28.8%         |
| Liquid assets                                     | 27.5%         | 39.7%         | 42.2%         | 29.8%         | 33.6%         | 37.3%         |
| Other assets                                      | 20.2%         | 6.0%          | 5.9%          | 4.9%          | 3.9%          | 3.1%          |
| <b>Current assets</b>                             | <b>64.5%</b>  | <b>72.5%</b>  | <b>85.0%</b>  | <b>82.3%</b>  | <b>81.5%</b>  | <b>82.3%</b>  |
| <b>Total Assets</b>                               | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |               |               |               |               |               |               |
| <b>Shareholders' equity</b>                       | <b>75.9%</b>  | <b>87.1%</b>  | <b>90.6%</b>  | <b>91.3%</b>  | <b>92.6%</b>  | <b>93.5%</b>  |
| <b>Minority Interest</b>                          | <b>0.3%</b>   | <b>-0.5%</b>  | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   |
| Provisions  | 0.4%          | 1.8%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Financial liabilities                             | 7.4%          | 4.6%          | 3.6%          | 3.0%          | 2.4%          | 1.9%          |
| Accounts payable                                  | 3.5%          | 2.4%          | 2.1%          | 2.5%          | 2.5%          | 2.6%          |
| Other liabilities                                 | 12.4%         | 4.6%          | 3.8%          | 3.2%          | 2.5%          | 2.0%          |
| <b>Total Liabilities</b>                          | <b>23.7%</b>  | <b>13.4%</b>  | <b>9.4%</b>   | <b>8.7%</b>   | <b>7.4%</b>   | <b>6.5%</b>   |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

Source: Company (reported results), Montega (forecast)

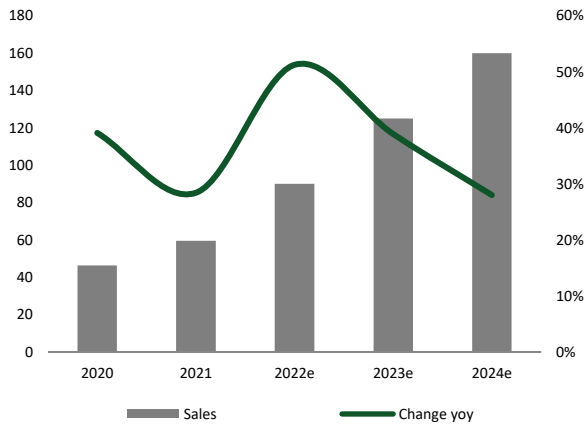
| Statement of cash flows (in Lev m) Allterco JSCO | 2019        | 2020        | 2021        | 2022e       | 2023e       | 2024e       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Net income                                       | 7.3         | 13.4        | 16.0        | 17.2        | 25.4        | 32.1        |
| Depreciation of fixed assets                     | 0.5         | 0.6         | 0.5         | 0.9         | 1.3         | 1.9         |
| Amortisation of intangible assets                | 0.4         | 0.5         | 0.5         | 0.9         | 1.5         | 1.9         |
| Increase/decrease in long-term provisions        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Other non-cash related payments                  | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Cash flow</b>                                 | <b>8.3</b>  | <b>14.5</b> | <b>17.0</b> | <b>19.0</b> | <b>28.1</b> | <b>35.9</b> |
| Increase / decrease in working capital           | -1.9        | -10.4       | -8.9        | -13.9       | -6.3        | -8.4        |
| <b>Cash flow from operating activities</b>       | <b>6.4</b>  | <b>4.1</b>  | <b>8.1</b>  | <b>5.2</b>  | <b>21.8</b> | <b>27.5</b> |
| CAPEX  | -1.8        | -2.9        | -1.6        | -6.3        | -7.5        | -8.0        |
| Other  | 10.1        | 4.8         | 2.1         | 0.0         | 0.0         | 0.0         |
| <b>Cash flow from investing activities</b>       | <b>8.3</b>  | <b>1.9</b>  | <b>0.5</b>  | <b>-6.3</b> | <b>-7.5</b> | <b>-8.0</b> |
| Dividends paid                                   | 0.0         | -0.2        | -3.4        | -3.6        | -3.5        | -5.1        |
| Change in financial liabilities                  | 0.0         | 0.1         | -0.5        | 0.0         | 0.0         | 0.0         |
| Other  | -3.7        | 9.3         | -0.2        | 0.0         | 0.0         | 0.0         |
| <b>Cash flow from financing activities</b>       | <b>-3.7</b> | <b>9.2</b>  | <b>-4.1</b> | <b>-3.6</b> | <b>-3.5</b> | <b>-5.1</b> |
| Effects of exchange rate changes on cash         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Change in liquid funds</b>                    | <b>10.9</b> | <b>15.2</b> | <b>4.5</b>  | <b>-4.7</b> | <b>10.8</b> | <b>14.4</b> |
| <b>Liquid assets at end of period</b>            | <b>11.4</b> | <b>26.1</b> | <b>30.5</b> | <b>25.8</b> | <b>36.7</b> | <b>51.1</b> |

Source: Company (reported results), Montega (forecast)

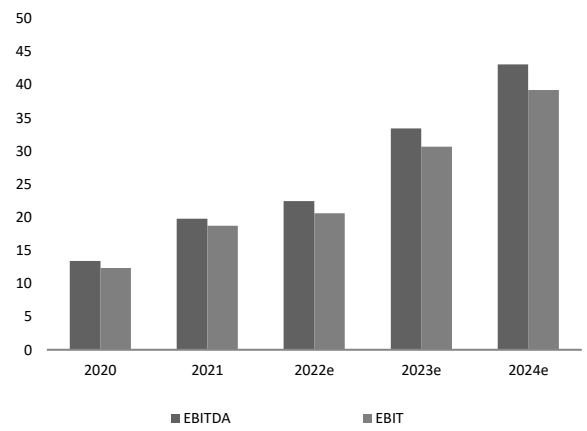
| Key figures Allterco JSCO     | 2019    | 2020  | 2021  | 2022e | 2023e | 2024e |
|-------------------------------|---------|-------|-------|-------|-------|-------|
| <b>Earnings margins</b>       |         |       |       |       |       |       |
| Gross margin (%)              | 41.1%   | 46.8% | 55.1% | 50.0% | 49.0% | 48.0% |
| EBITDA margin (%)             | 3.2%    | 28.9% | 33.2% | 24.9% | 26.7% | 26.9% |
| EBIT margin (%)               | 0.3%    | 26.7% | 31.4% | 22.9% | 24.5% | 24.5% |
| EBT margin (%)                | 25.0%   | 32.3% | 31.5% | 22.8% | 24.4% | 24.5% |
| Net income margin (%)         | 21.9%   | 29.0% | 26.8% | 19.2% | 20.3% | 20.1% |
| <b>Return on capital</b>      |         |       |       |       |       |       |
| ROCE (%)                      | 0.3%    | 43.0% | 51.5% | 44.0% | 49.8% | 53.5% |
| ROE (%)                       | 25.3%   | 44.3% | 28.1% | 26.3% | 32.0% | 31.7% |
| ROA (%)                       | 18.4%   | 20.5% | 22.0% | 19.9% | 23.2% | 23.4% |
| <b>Solvency</b>               |         |       |       |       |       |       |
| YE net debt (in EUR)          | -7.8    | -21.9 | -28.0 | -23.2 | -34.1 | -48.5 |
| Net debt / EBITDA             | -7.4    | -1.6  | -1.4  | -1.0  | -1.0  | -1.1  |
| Net gearing (Net debt/equity) | -0.3    | -0.4  | -0.4  | -0.3  | -0.3  | -0.4  |
| <b>Cash Flow</b>              |         |       |       |       |       |       |
| Free cash flow (EUR m)        | 4.5     | 1.2   | 6.5   | -1.1  | 14.3  | 19.5  |
| Capex / sales (%)             | 5.4%    | 6.2%  | 2.7%  | 7.0%  | 6.0%  | 5.0%  |
| Working capital / sales (%)   | 22%     | 26%   | 36%   | 38%   | 35%   | 32%   |
| <b>Valuation</b>              |         |       |       |       |       |       |
| EV/Sales                      | 10.6    | 7.6   | 5.9   | 3.9   | 2.8   | 2.2   |
| EV/EBITDA                     | 334.2   | 26.2  | 17.8  | 15.7  | 10.5  | 8.2   |
| EV/EBIT                       | 3,954.3 | 28.5  | 18.8  | 17.1  | 11.5  | 9.0   |
| EV/FCF                        | 77.4    | 293.9 | 53.8  | -     | 24.6  | 18.0  |
| PE                            | 42.4    | 23.1  | 23.4  | 21.7  | 14.8  | 11.7  |
| KBV                           | 12.4    | 6.6   | 5.7   | 4.7   | 3.7   | 2.9   |
| Dividend yield                | 0.0%    | 0.5%  | 1.0%  | 0.9%  | 1.4%  | 1.7%  |

Source: Company (reported results), Montega (forecast)

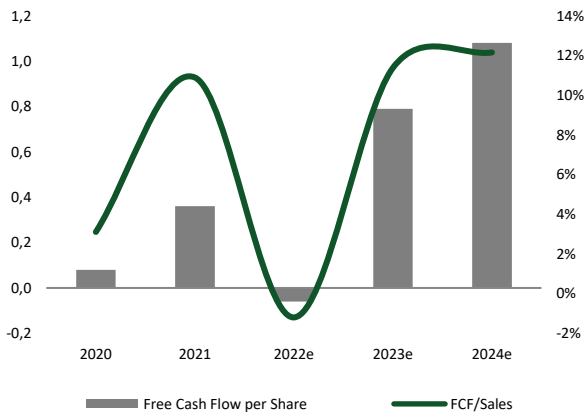
Sales development



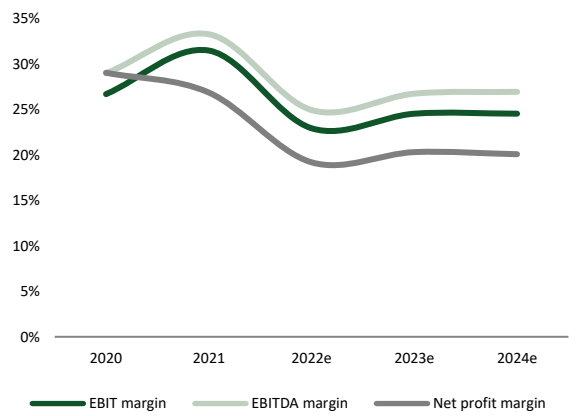
Earnings development



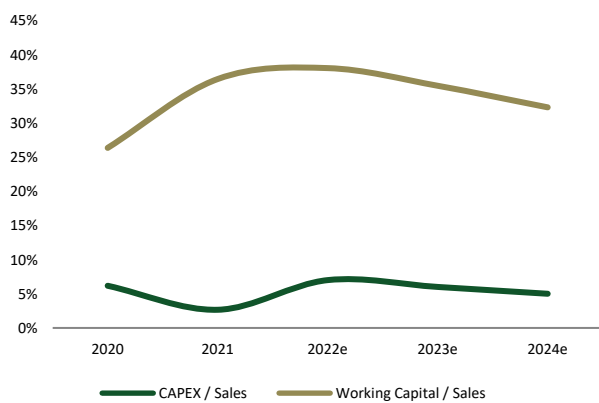
Free-Cash-Flow development



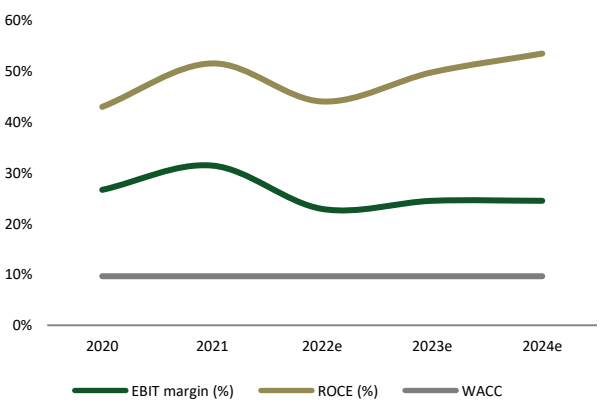
Margin development



CAPEX / Working Capital



EBIT-Yield / ROCE



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### Our ratings:

Buy: The analysts at Montega AG believe the share price will rise during the next twelve months.

Hold: Upside/downside potential limited. No immediate catalyst visible.

Sell: The analysts at Montega AG believe the share price will fall during the next twelve months.

### Authority responsible for supervision:

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**Share price and recommendation history**

| <b>Recommendation</b> | <b>Date</b>      | <b>Price (BGN)</b> | <b>Price target (BGN)</b> | <b>Potential</b> |
|-----------------------|------------------|--------------------|---------------------------|------------------|
| Buy (Initiation)      | 21 July 2022     | 17.90              | 28.00                     | +56%             |
| Buy                   | 17 August 2022   | 19.20              | 28.00                     | +46%             |
| Buy                   | 10 October 2022  | 17.00              | 28.00                     | +65%             |
| Buy                   | 16 November 2022 | 20.60              | 31.00                     | +50%             |
| Buy                   | 6 December 2022  | 20.80              | 31.00                     | +49%             |