

**Company: Entersoft S.A. Reason: Update****Investment Thesis**

We reiterate our target price of €6,80 as presented 15months ago, which could be well exceeded due to the current uptrending momentum. Over the past months, Entersoft materialized the acquisition of the Romanian entity Bit Software, and expanded into three new verticals (software for pharmacies, real estate management, super markets & big retail stores).

Having recorded 13months since the acquisition of Bit Software, the results are strong and the cornerstone for future acquisitions in Romania has been set. Note that Romania is trailing Greece in terms of executing RRF projects, with a pipeline of proposals filed during 2023 and execution expected to start in 1Q24.

With both the recurring element of revenues and new business recording strong growth, the management keeps on overdelivering: They were budgeting a 30% revenue increase for 2023 and EBITDA margins above the 30% mark, while the actual first semester results were higher, with revenue growth at 31.5% and EBITDA margin at 34.9%.

All in all, our confidence has been reinforced and the best case scenario of the past is currently our primary thesis. The €50M annual revenues threshold is now reachable earlier than 2026 and the first acquisition in Romania that we were factoring to add an additional €1M in top line, is adding at least triple that amount.

**Valuation**

The company is valued at €6.80 per share through a FCF exercise with an applied WACC of 9.96% (116bps higher than our older model). There are reasons that could support a 9.30% WACC that would result in a higher target price, but we prefer to be on the safe side.

<b>Date</b>	<b>02/08/2023</b>
<b>Fair Estimated Price (€)</b>	<b>6,80 €</b>
<b>Investment Thesis</b>	<b>UV</b>
<b>Bloomberg Ticker</b>	<b>ENTER:GA</b>
<b>Reuters Ticker</b>	<b>ENTR.AT</b>
<b>Closing Price (02/08/23)</b>	<b>5,86</b>
<b>Low/High price 52w</b>	<b>3.24/5.88</b>
<b>Market Cap (€mn)</b>	<b>176</b>
<b>EPS (2023E)</b>	<b>0,24</b>
<b>DPS (2023 E)</b>	<b>0,10</b>
<b>Dividend Yield %</b>	<b>1,71%</b>

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Summary Financials					
(€mn)	2021	2022	2023F	2024F	2025F
<b>Profit &amp; Loss Items</b>					
Total Net Revenues	24.000,0	29.579,0	40.390,4	45.164,1	50.795,4
EBITDA	8.898,0	9.532,0	11.323,8	11.826,9	12.378,6
EBIT	6.886,0	7.126,0	8.917,8	9.420,9	9.972,6
Net Income	5.746,0	6.095,0	7.150,6	7.568,1	8.025,7
<b>Balance Sheet Items</b>					
Total Assets	31.372,0	45.576,0			
Cash at Hand	10.312,0	14.779,0			
Current Liabilities	7.027,0	10.970,0			
Total Debt	3.973,0	13.666,0			
Total Equity	20.681,0	23.873,0			
Debt/Equity	19,2%	57,2%			
<b>Cash Flow Items</b>					
Operating Cash Flow	6.045,0	6.521,0	7.449,6	7.867,1	8.324,7
Free Cash Flow (FCFF)	4.060,1	5.608,1	10.738,7	2.420,3	10.303,6
CAPEX	3.569,0	6.670,0	1.296,6	1.357,9	1.422,3
<b>Key Financial Ratios</b>					
Revenue Growth	44,8%	23,2%	36,6%	11,8%	12,5%
EBITDA Margin	37,1%	32,2%	28,0%	26,2%	24,4%
EPS	19,2%	20,3%	23,8%	25,2%	26,8%
DPS	0,060	0,100	0,100		
Total Debt / EBITDA (x)	0,4	1,4			

#### Πήτρα Περιορισμού Ευθύνης:

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#### Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερίσματος	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

#### Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk Stock Price < 20% of Fair
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk Stock Price < 10% of Fair
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk 10%<Stock Price<10%
OV1	Σωστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk Stock Price >10% of Fair
OV	Υπερτιμημένη Μετοχή	Overvalued Stock Price >20% of Fair
N/R	Μη Αποτιμημένη Μετοχή	Not Rated