

**Company: EpsilonNET Group of Companies Reason: Upgrade****Investment Thesis**

EpsilonNet is already branded as the largest Business Software & Technology Solutions Group in Greece and is living up to it. We are upgrading the target price from €7.50 (presented in March '22) to €11.00, as milestones are reached earlier than expected.

Over the past 18 months, the organic growth has been smashing our estimates. On top, a number of promising acquisitions, executed at attractive prices, coupled with the deal with the National Bank of Greece and the technology sector momentum set by the EU funding, provide the upside potential.

EpsilonNet is growing fast but does not appear to be overstretched as an entity. Acquisitions are still funded by the strong cash flows, with cash remaining higher than the debt obligations and earning margins uptrending, despite the top line growth.

The flagship product (Software Pylon, aimed to accountants) performs strongly and sales are accelerated by the digitalization as imposed by the requirements of the Hellenic Tax Authorities.

The overall venture with National Bank of Greece (equity shareholding 7.5% and business synergies) is communicated as a growth factor for clientele enhancement and the opportunity to penetrate the banking sector.

We still have no reason to discount the management's recently updated top line guidance for €150M in revenue within 2025: This level is by €30M higher and comes a year earlier than our model suggested. Nevertheless, we are comfortable with the guidance as EpsilonNET has exceptional track record of delivering and is reaching a critical mass that ensures growth rendering the group visible to institutional investors.

Valuation

EpsilonNet is valued at €11.00 per share through a FCF exercise with an applied WACC of 10.42% and perpetual growth assumption of 3.0%.

| | |
|---------------------------------|-------------------|
| Date | 03/08/2023 |
| Fair Estimated Price (€) | 11,00 € |
| Investment Thesis | UV |
| Bloomberg Ticker | EPSIL:GA |
| Reuters Ticker | EPSr.AT |
| Closing Price (03/08/23) | 9,70 € |
| Low/High price 52w | 5.02/9.68 |
| Market Cap (€mn) | 525.740 |
| EPS (2023E) | 0,35 |
| DPS (2023 E) | 0,07 |
| Dividend Yield % | 0,72% |

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| Summary Financials | | | | | |
|--------------------------------|----------|-----------|----------|-----------|-----------|
| (€mn) | 2021 | 2022 | 2023f | 2024f | 2025f |
| Profit & Loss Items | | | | | |
| Total Net Revenues | 50.511,0 | 75.107,3 | 76.419,1 | 107.672,3 | 150.360,6 |
| EBITDA | 15.090,0 | 25.053,5 | 23.966,8 | 33.064,6 | 45.491,2 |
| EBIT | 12.338,0 | 21.617,0 | 21.966,8 | 31.064,6 | 43.491,2 |
| Net Income | 10.778,1 | 18.303,0 | 18.601,9 | 26.376,6 | 36.995,8 |
| Balance Sheet Items | | | | | |
| Total Assets | 80.820,0 | 106.497,0 | | | |
| Cash at Hand | 23.354,0 | 26.648,0 | | | |
| Total Debt | 17.877,0 | 20.275,0 | | | |
| Total Equity | 41.454,0 | 58.295,0 | | | |
| Debt/Equity | 43,1% | 34,8% | | | |
| Cash Flow Items | | | | | |
| Operating Cash Flow | 10.902,0 | 18.502,0 | 18.800,9 | 26.575,6 | 37.194,8 |
| Free Cash Flow (FCFF) | 12.158,1 | 10.284,7 | 17.741,9 | 25.516,6 | 36.135,8 |
| CAPEX | 1.727,0 | 3.059,0 | 3.059,0 | 3.059,0 | 3.059,0 |
| Key Financial Ratios | | | | | |
| Revenue Growth | 132,8% | 48,7% | 42,7% | 40,9% | 39,6% |
| EBITDA Margin | 29,9% | 33,4% | 31,4% | 30,7% | 30,3% |
| EPS | 20,1% | 33,2% | 34,7% | 49,2% | 69,0% |
| DPS | 0,188 | 0,033 | 0,070 | 0,070 | 0,070 |
| Total Debt / EBITDA (x) | 1,2 | 0,8 | | | |

Ρήτρα Περιορισμού Ευθύνης:

Απαγορεύεται η αναδημοσίευση του παρόντος χωρίς την άδεια της Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗΣ Α.Ε.Π.Ε.Υ. Οι απόψεις που περιέχονται βασίζονται σε πηγές που θεωρούνται αξιόπιστες, ωστόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. δεν ευθύνεται για την εγκυρότητα, ορθότητα ή αξιοπιστία τους και διατηρεί το δικαίωμα αλλαγής τους χωρίς πρότερη ειδοποίηση. Τόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. όσο και οι διευθύνοντες και υπάλληλοι της δεν φέρουν ουδεμία ευθύνη για οποιαδήποτε συνέπεια των πληροφοριών αυτών. **Το παρόν δεν αποτελεί προσφορά, προτροπή ή επενδυτική πρόταση για αγορά ή πώληση μετοχών ή άλλων κινητών αξιών. Οι επενδύσεις που αναφέρονται ενδέχεται να μην είναι οι ενδεδειγμένες για ορισμένους επενδυτές.**

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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 |