

Primoco UAV

Hold

Initiation of coverage

Price: CZK 1,000

Price target: CZK 1,099

Promising tactical UAV producer

We initiate coverage of Primoco UAV (Primoco) with a HOLD and a 12M price target (PT) of CZK 1,099/share. Primoco manufactures the Primoco One 150, a tactical, medium-sized, fixed-wing unmanned aerial vehicle (UAV), which holds the EASA LUC SAIL III civilian operating authorisation and was awarded the NATO STANAG 4703 military airworthiness certification in March 2025. It is used for intelligence, surveillance and reconnaissance (ISR), and is not weaponised currently. The drone is manufactured in Prague, and Primoco can produce up to 50 units p.a., although the run-rate has been c.25 p.a. in 2023-25E. Since 2014, it has produced 200+ UAVs, which have been delivered to 15 countries on four continents, with >65% of deliveries going to Ukraine over the past two years. Global UAV demand is strong, and the Primoco One 150's combat-proven use in Ukraine is a commercial advantage, in our view, despite its original civilian design. In 2025E, we estimate 18 deliveries (vs. 33 in 2023) and revenues of CZK 396m. In 2026-27E, we model 40-50 deliveries, implying a 2024-27E revenue CAGR of 41%. Our forecasts reflect rising military orders post the STANAG certification, and management's guidance, although we caution that it has overpromised on volumes and revenues in the past. With no signed contracts for 2026E yet, our forecasts are subject to a very high degree of uncertainty.

A 3Y (2024-27E) EBITDA CAGR of 50%, on a 3Y revenues CAGR of 41% and a margin increase from 33% in 2024 to 40% in 2027E. Management expects the EBITDA margin at 40-50% but, even on our 40% margin estimate, the EBITDA/drone delivered could reach CZK 10m in 2027E, vs. CZK 8.6m in 2023, when Primoco achieved a 48% EBITDA margin. Historically, it has generated an EBITDA margin of 30-50%. Our forecasts are highly sensitive to the number of drones sold/delivered, which has been variable, historically.

New production hall, for up to 250 UAVs p.a. Primoco plans to quintuple the current capacity of c.50 UAVs p.a. (which is sufficient at present), at total capex of CZK 0.5bn, and is starting construction in 2026E. It plans to move its entire production from the current plant to the new one in 2028E. While the expansion positions Primoco for demand upside, under a more conservative scenario (50 UAVs p.a. for the next 5Y, vs. 25 p.a., on average, over 2023-25E), the facility would only be at c.20% utilisation, implying a modest ROI.

Negative FCFF in 2025-26E, driven by c.CZK 0.7bn of capex over 2025-27E. We assume the investment will be funded from retained earnings, and Primoco, which carries no debt, should remain net cash positive over the period.

What is priced in? Our DCF sensitivity analysis suggests that the market may be pricing in 40-50 UAVs sold/delivered p.a. in 2026-28E (the maximum current production), rising to c.90 p.a. from 2029E-onwards. In 2023-25E, we estimate 25 UAVs sold p.a., on average, so a materially higher run-rate is embedded in the valuation already, in our view.

At c.44-17x P/Es and 32-12x EV/EBITDAs for 2025-26E, Primoco is trading at a 29% premium vs. its defence and aerospace peers on the 2025E P/E, and at a 72% premium on the 2025E EV/EBITDA. Assuming record deliveries of 40 UAVs in 2026E, this implies a 30-40% discount on both the P/E and EV/EBITDA vs. its defence and aerospace peers.

Risks. No backlog (revenue visibility); delays in new contracts; intense competition; concentrated client base; single product risk; key person risk; currency risk; a risk of higher capex; and regulatory risk.

Expected events

4Q25 results TBC

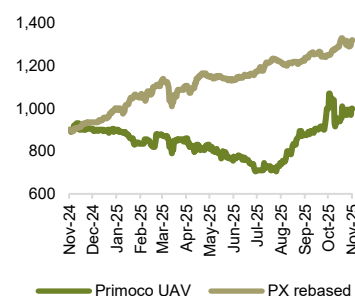
Key data

Market cap	EUR 195m
3M ADTV	EUR 0.1m
Free float	28.1%
Shares outstanding	4.7m
Major shareholder	Ladislav Semetkovsky: 50.4%
Bloomberg Code	PRIUA CP
PX Index	2,487

Price performance

52-w range (CZK)	705-1,070
52-w performance	11%
Relative performance	-36%

Primoco 12M share price performance



	Revenues	EBITDA	EBIT	Net inc.	EPS	P/E	EV/EBITDA	ND/EBITDA
	CZKm	CZKm	CZKm	CZKm	CZK	x	x	x
2023	598	285	280	228	48.5	13.7	10.0	-1.0
2024	444	147	139	122	25.9	35.8	28.1	-1.5
2025E	396	139	125	108	22.9	43.7	32.3	-1.6
2026E	920	369	341	274	58.2	17.2	12.2	-0.5
2027E	1,242	499	449	360	76.5	13.1	8.9	-0.6

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Closing Prices as of 26 November 2025

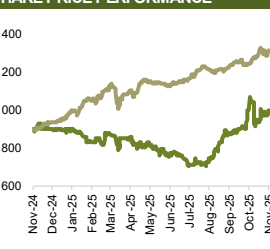
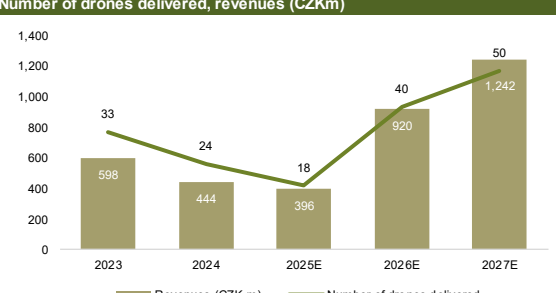
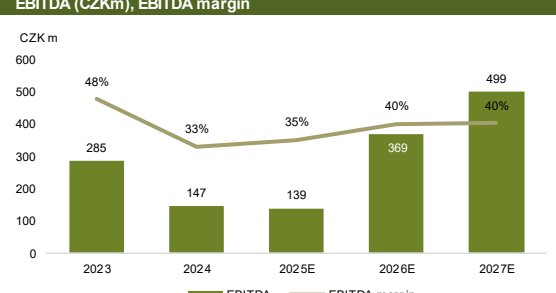
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Company snapshot – HOLD, 12M PT CZK 1,099

Primoco UAV											
HOLD			SHARE PRICE PERFORMANCE			COMPANY DESCRIPTION					
Bloomberg ticker	PRIUA CP					Since 2015, Primoco UAV SE has been developing and manufacturing its civilian and military Primoco One 150 UAVs, capable of flying completely independently according to programmed flight plans. The key features are: size, a maximum take-off weight of 150 kg, endurance of up to 15h, depending on the equipment, a cruising speed of 120 km/h, a payload of up to 30kg, and fully automatic take off and landing. The Primoco One 150 has the EASA LUC SAIL III civil operating authorisation and received the NATO STANAG 4703 certification in March 2025. The company focuses on civil and military aeronautical applications, particularly in the areas of reconnaissance, energy, border and coastal security, and intelligence. More than 200 Primoco aircraft produced to-date are in service in 15 different countries on four continents – from Germany to Malaysia. Primoco UAV trades on the Prime market of the Prague Stock Exchange.					
Closing price (CZK/share)	1,000										
Price target	1,099										
Upside to PT	10%										
Shares outstanding (m)	4.7										
Market cap (EUR m)	195										
Free float	28.1%										
Average daily turnover (EUR k)	122.0										
52 Week performance	11%										
52 Week relative performance	-36%										
52 Week Range (CZK)	705-1070										
RATIOS											
CZK/share	2023	2024	2025E	2026E	2027E	VALUATION RATIOS					
EPS	48.5	25.9	22.9	58.2	76.5	EV/EBITDA	10.0x	28.1x	32.3x	12.2x	8.9x
CFPS	50.0	14.5	29.7	48.9	86.0	P/E	13.7x	35.8x	43.7x	17.2x	13.1x
BVPS	72.8	98.8	121.7	179.8	256.4	FCFF yield	6.3%	-0.6%	-0.3%	-0.5%	2.0%
DPS	0.0	0.0	0.0	0.0	0.0	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
FINANCIAL RATIOS						FCFF BREAKDOWN (CZKm)					
EBITDA margin	47.6%	33.1%	35.2%	40.1%	40.2%	EBIT	280	139	125	341	449
EBIT margin	46.9%	31.2%	31.7%	37.1%	36.2%	NOPLAT	235	106	99	270	355
Net margin	38.2%	27.5%	27.2%	29.8%	29.0%	Depreciation	4	9	14	28	50
ROE	66.6%	30.2%	20.8%	38.6%	35.1%	Capex	-20	-112	-147	-248	-311
ROA	57.9%	27.3%	19.6%	36.5%	33.3%	Change in WC	-39	-26	18	-71	-5
ROIC	352.3%	68.8%	32.4%	53.5%	45.2%	FCFF	181	-23	-15	-22	89
COMPANY FINANCIALS											
INCOME STATEMENT, CZKm						BALANCE SHEET, CZKm					
Revenues	598	444	396	920	1,242	PPE	43	144	273	488	740
Other income	5	7	6	14	19	Intangibles	10	15	19	25	33
Cost of materials	-246	-194	-158	-377	-509	Other non-current assets	2	7	7	7	7
Personnel expenses	-38	-53	-56	-78	-104	Total non-current assets	55	167	299	520	781
Cost of repair and maintenance	-32	-56	-40	-92	-124	Inventories	59	98	72	155	167
Other operating expenses	-1	-1	-9	-18	-25	Trade accounts receivable	0	0	5	13	17
EBITDA	285	147	139	369	499	Cash and cash equivalents	278	231	224	206	301
D&A	-4	-9	-14	-28	-50	Others	3	3	3	3	3
EBIT	280	139	125	341	449	Total current assets	339	332	304	377	488
Net interest expense	-7	16	11	5	7	Total assets	394	498	604	897	1,269
Other fin. expenses	0	0	0	0	0	Total shareholders equity	343	465	573	847	1,207
PBT	274	155	137	347	456	Long-term leasing liabilities	0	2	2	2	2
Income tax	-45	-33	-29	-73	-96	Total non-current liabilities	0	2	2	2	2
Net profit	228	122	108	274	360	Contract liabilities	0	15	13	31	42
CASH FLOW STATEMENT, CZKm						ST trade payables	1	1	1	3	3
CF from operations	235	68	140	230	405	ST leasing liabilities	1	5	5	5	5
D&A	4	9	14	28	50	Other ST liabilities	49	9	9	9	9
Changes in WC	-39	-26	18	-71	-5	Total current liabilities	51	31	29	48	60
CF from investments	-20	-112	-147	-248	-311	Total equity and liabilities	394	498	604	897	1,269
Capex	-20	-113	-147	-248	-311	Net debt	-276	-223	-217	-199	-293
CF from fin. activities	-1	-3	0	0	0	ND/EBITDA	-1.0x	-1.5x	-1.6x	-0.5x	-0.6x
Number of drones delivered, revenues (CZKm)						EBITDA (CZKm), EBITDA margin					
											

Investment case

We initiate coverage of Primoco UAV with a HOLD and a 12M price target (PT) of CZK 1,099/share. The company manufactures the Primoco One 150, a tactical, medium-sized, fixed-wing unmanned aerial vehicle (UAV), which holds the EASA LUC SAIL III civil operating authorisation and was awarded the NATO STANAG 4703 military airworthiness certification in March 2025, which is required for military use, given that the UAV was designed originally for civilian use. It is a “dual-use” (military and civilian) UAV, ideal for aerial intelligence, surveillance and reconnaissance (ISR), and is not weaponised, currently. The entire UAV, including its motors, is manufactured at Primoco’s factory in Prague, while the mission pods and sensors are sourced from specialist suppliers. The current facility can produce up to 50 units annually, although the run-rate has been c.25 p.a. for 2023-25E. Since 2014, it has produced 200+ UAVs, which have been delivered to 15 countries on four continents, with >65% of deliveries going to Ukraine over the past two years. Global UAV demand is strong, and the Primoco One 150’s combat-proven use in Ukraine is a commercial advantage, in our view, although it is facing competition from more-capable military UAV designs in the NATO class-II or III category, with medium- or high-altitude and long endurance (MALE, HALE) characteristics. In 2025E, we estimate 18 deliveries (vs. 33 in 2023) and revenues of CZK 396m. In 2026-27E, we model 40-50 deliveries, implying a 2024-27E revenue CAGR of 41%. Our forecasts reflect rising military demand post the STANAG certification, and management’s guidance, although we caution that Primoco has overpromised on volumes and revenues in the past. With no signed contracts for 2026E, at present, our forecasts are subject to a very high degree of uncertainty. Given its start-up/high-beta profile, we suggest investors weigh the risk-reward balance carefully at the current levels.

Primoco One 150: the only UAV in its class with military certification. The Primoco One 150 has a maximum take-off weight of 150kg, combined with flight endurance of up to 15 hours, a range from the ground station of up to 200km, and an overall distance covered of up to 2,000km. It can cruise at 100-150km/h, at an altitude of up to 3.3km above sea level. It can carry a payload (usually sensors, cameras etc.) of up to 30kg. The UAV has been fully developed, and is produced, in-house, with only the mission pods and sensors ordered in from suppliers, based on a client’s preference. It is used mainly for monitoring, surveillance and intelligence gathering purposes. It does not carry any weapons systems at present. It holds the EASA LUC SAIL III civil operating authorisation and was awarded the NATO STANAG 4703 military airworthiness certification in March 2025.

Primoco’s factory in Prague-Radotin can produce roughly 50 drones p.a. The factory employs c.50 people currently, although Primoco has not released the specific numbers of engineers, sales and other employees at the assembly plant. The factory works a single shift, and the current capacity of the production hall is 50 UAVs p.a.

Primoco also owns a private airfield in Písek-Krašovice. The town of Písek is c.110km south of Prague. Having its own airfield allows Primoco to fly and test its drones whenever it needs to, without having to wait for slots at public airfields. This speeds up test flights, new sensor fit-outs and reliability checks. The site also serves as a training ground for pilots, so the company can teach and certify crews in one place. Having a dedicated airfield makes it easier to work with the regulators and prove the UAV’s safety, including longer “beyond visual line-of-sight” flights.

Primoco’s standard contract for one UAV plus components and services is valued at EUR 1.1m (CZK 26-27m). Each sale bundles the drone with a ground control station (GCS), which can be either a portable box for rapid installation (in a vehicle, shelter or the open air), or a vehicle-installed console, which provides greater comfort for long-duration missions. The package also includes third-party sensors and cameras, based on the customer’s requirements and specifications, alongside pilot training and spare parts. Contracts are typically signed for a minimum of three UAVs, with the scope tailored to the client’s mission profile.

A typical contract for one UAV

	EUR
UAV	0.4m
Ground control station	0.3m
Sensors*	0.3m
Pilot training	0.1m
Total	1.1m

Source: Company data, WOOD Research; *depending on the mission configuration requested by the client

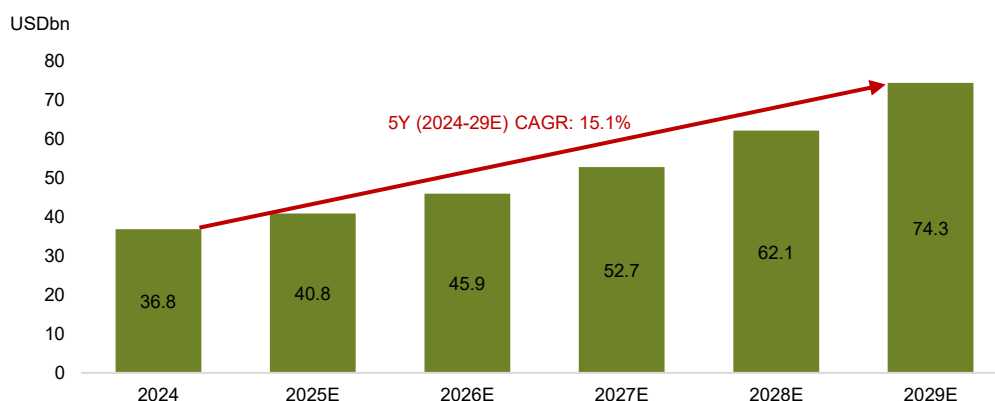
No order backlog, as the delivery time is 3-6M from signing the contract. The company produces its UAVs continuously. After signing a contract, Primoco orders the sensors based on a client’s preference, completes sensor integration into the UAVs, and then ships the units to its customers. Having

an inventory of finished product allows the company to supply its customers at short notice, which management sees as one of its competitive advantages.

Primoco plans to build new factory, with capacity of up to 250 UAVs p.a. The new production hall should be built close to its airfield in Písek-Krašovice. Primoco envisages that production at the new factory should start in 2028E, after which it plans to close its Prague plant, and move its entire production to Písek. The company estimates the all-in capex (including construction, equipment and machinery) at c.CZK 0.5bn. The new production hall should quintuple the current production capacity, which management expects should allow it to monetise the current strong global demand for drones. That said, we note that, in the past three years, Primoco has sold and delivered only c.25 drones p.a. This means that the existing facility still has ample headroom, in terms of capacity, where employees only work one shift. If management's expectations for the growth in the number of orders fail to materialise, the return on investment (ROI) at the new factory, and its utilisation, could be low. On the other hand, if it manages to win new tenders and utilise the new plant capacity well from 2029E, it would create substantial upside for our forecasts: we pencil in 80-97 drones delivered in 2029-34E p.a., 3-4x the 2023-25E run-rate of 25 units.

UAV market on fire. The UAV market is riding a structural inflection, as modern conflicts prove that inexpensive, scalable drones, ranging from small ISR platforms to long-range loitering munitions (aerial weapons with a warhead that can stay airborne over an area and search for a target, thanks to autonomous flight features), are reshaping battlefield economics and military doctrines, as witnessed during the Ukraine war, the Red Sea crisis, and the more-recent Twelve-Day War in 2025, between Iran and Israel. According to Ernst & Young (EY), the global UAV market is expected to post a 15.1% CAGR, from USD 36.8bn in 2024 to USD 74.3bn in 2029E. EY sees a trend towards the rising adoption of UAVs as a cheaper and more flexible alternative to fighter jets and attack helicopters, offering capabilities such as monitoring, intelligence and reconnaissance, and electronic warfare, as well as precision strikes with reduced collateral damage, without putting human pilots at risk.

Global UAV market expected to see a 15.1% CAGR from 2024-29E



Source: Technavio, EY Insights Analysis, WOOD Research

The market is highly competitive. Primoco UAV is up against large, established defence players, with more diversified and sophisticated portfolios in NATO class-I, class-II category UAVs, with MALE/HALE characteristics, as well as jet-powered UCAVs. These include: General Atomics, Boeing-Insitu and AeroVironment in the US; Elbit Systems, Rafael Advanced Defense Systems and IAI in Israel; Aselsan and Turkish Aerospace in Türkiye; Chengdu Aircraft, AVIC and China Aerospace in China; and Leonardo, Rheinmetall and Thales in Europe. In the tactical ISR UAV segment, specifically, Primoco faces a crowded field of mostly privately-held specialists, including Tekever (Portugal), Schiebel (Austria), Quantum Systems (Germany) and Skyeton (Ukraine). Of these European competitors, Quantum Systems and Skyeton have deployed battle-proven systems in Ukraine. In our view, success will hinge on strategic partnerships that add AI (autonomous flight and combat capability), and data-driven analytics and evaluation systems to ISR drones, alongside sustained R&D efforts to keep pace with fast product cycles, and meet partner requirements in this dynamic, high-tech market.

NATO STANAG 4703 certification could provide a boost to sales. The STANAG 4703 standardisation agreement is NATO's airworthiness framework for all light, unmanned aircraft systems with a maximum take-off weight (MTOW) of below 150kg. It defines the engineering and safety requirements that a light UAV must meet to be considered airworthy for military and mixed operations across the NATO nations, allowing mutual recognition of certification, rather than retesting the same UAV in every market. For Primoco, this qualifies the platform for a wider set of NATO tenders, and

shortens the evaluation and flight-release timelines. This could improve win rates in new tenders and, hence, result in an improvement in the number of drones sold and delivered by the company. Other UAVs with the NATO STANAG 4703 certification include: Rheinmetall's Luna NG (MTOW of 110kg); Rafael Advanced Systems' Orbiter 3 (32kg); and the Schiebel CAMCOPTER S-100 (150kg). We note that larger military UAVs (MTOW of >150kg) are subject to a separate NATO airworthiness certification, STANAG 4671.

In 4Q25E, the company expects to sign contracts for 42 drones. If realised, this would constitute a major step-up in sales. For context, Primoco sold only 14 drones in 9M25. Our conversations with management suggest that it is seeing great demand for its products, and expects a material step-up in its volumes in the coming years, which is why it is investing in expanding its production capacity.

We expect deliveries to reach 40 units in 2026E and 50 in 2027E. In 2023-24, the company was able to deliver 33 and 24 drones, respectively. In 2025E, 18 drones may be delivered, based on the company's guidance. We base our optimistic forecast on the assumption that the recently-acquired NATO certification, combined with the strong global demand for UAVs, should translate into a higher number of units sold, going forward. This is consistent with the upbeat management guidance, and we note that the 2027E sales target implies that Primoco's current factory would have to run at full capacity.

Realised volumes, a key value driver, have trailed guidance historically, and earnings visibility is minimal. The number of drones sold and delivered is the single most important driver of the equity story, and our forecasts and valuation. Historically, the number of drones sold has often trailed the estimates set by the company. Given the low number of drones sold and delivered historically, there have been quarters when no deliveries have taken place, translating into little-to-no revenues. Overall, given the absence of a backlog of signed contracts, the earnings are subject to a material degree of volatility, especially on a quarterly basis, and are very difficult to estimate. In this respect, Primoco resembles a start-up more closely, or an early-stage company. Although we discuss our forecasts throughout this document, we reiterate that the limited visibility means that making accurate predictions is extremely challenging, and we believe that investors should consider the case in terms of sensitivities and scenarios, rather than a single set of projections.

Number of drones sold/delivered

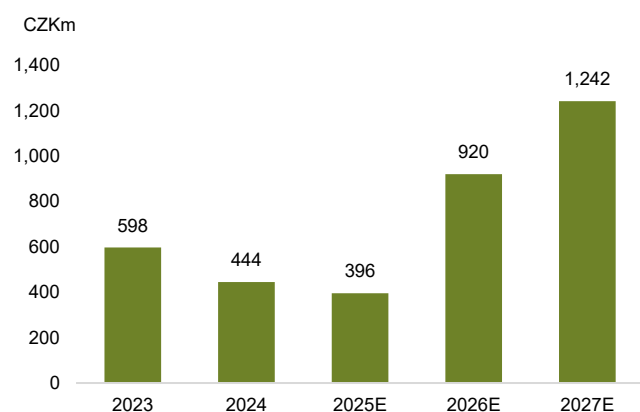
	2021	2022	2023	2024	2025E	2026E	2027E
KPIs (actual, WOOD forecast)							
Number of drones sold	0	22	33	26	32	50	50
Number of drones delivered	5	12	33	24	18	40	50
KPIs (expectations at BOP*)							
Number of drones sold	n/a	40	40	60	50	n/a	n/a
Number of drones delivered	n/a	40	40	60	30	n/a	n/a

Source: Company data, WOOD Research; *BOP = beginning of period

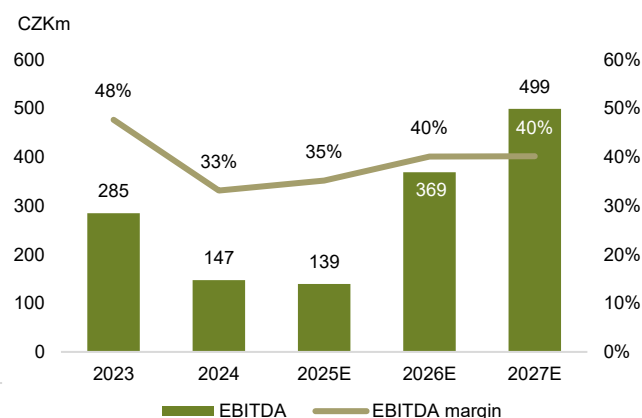
We expect a 2024-27E revenue CAGR of 41%. On the back of the volumes delivered and our estimated price of CZK 22-25m per UAV, we estimate that Primoco could deliver a 41% revenue CAGR over the next three years. In 2025E, we forecast revenues of CZK 396m (-11% yoy), as it only expects to deliver 18 UAVs, but then an increase to CZK 920m in 2026E and to CZK 1,242m in 2027E, on the back of expected new tender wins, based on management's guidance.

We expect a 50% three-year EBITDA CAGR. We predict 50% growth on the back of the 41% 3Y revenues CAGR, and a margin improvement from 33% in 2024 to 40% in 2027E. We note that management's guidance for the EBITDA margin stands at 40-50%, as it would like to increase its contract pricing. We remain more conservative in our forecasts, and our figures are at the lower end of guidance. Even at a 40% EBITDA margin, however, we estimate the EBITDA/drone delivered at CZK 10m in 2027E, up from CZK 8.6m in 2023, when the company reached a 48% EBITDA margin.

Revenue evolution



EBITDA evolution

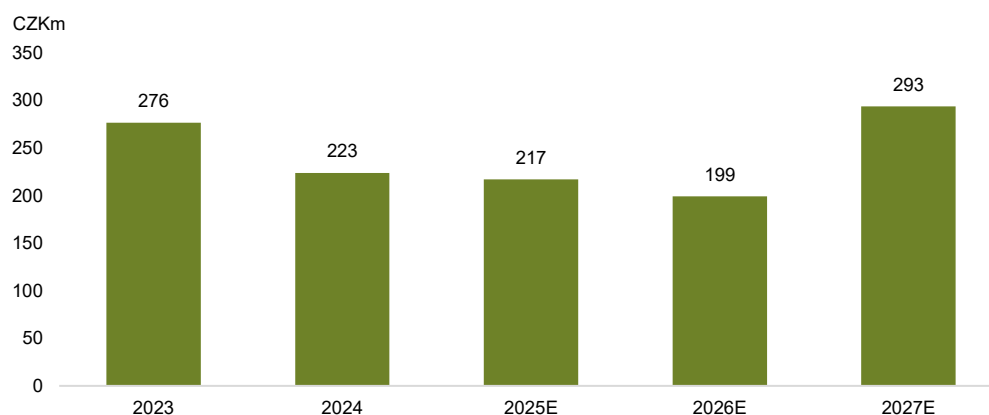


Source: Company data, WOOD Research

Negative FCFF in 2025-26E, but this could turn positive in 2027E, on our estimates. We estimate that Primoco might spend c.CZK 0.7bn on capex from 2025-27E, the bulk of for the new production hall. The higher investments, compared to 2023-24, drive our FCFF forecasts of -CZK 15m in 2025E, and -CZK 22m in 2026E. We anticipate positive FCFF of CZK 89m in 2027E, on the back of 50 UAVs potentially delivered that year.

The company is fully equity financed. Even with the investment in its new production hall, Primoco should be financially self-sufficient, on our estimates, generating only small negative FCFFs over 2025-26E, before turning positive from 2027E-onwards. As a result, we do not expect Primoco to need to take on any debt, going forward. Between 2023-24, the company averaged c.CZK 254m in cash and cash equivalents, and we expect it to have CZK 224m in cash in 2025E, down 3% yoy. The company also has c.CZK 7m in leasing liabilities.

Primoco UAV: net cash position



Source: Company data, WOOD Research

12M PT at CZK 1,099/share. We assign a 80/20 weighting to our DCF (12M PT, CZK 1,113/share) and peer group valuation (12M PT, CZK 1,041/share) to derive our PT for the stock, at CZK 1,099. Offering 10% upside, this yields a HOLD. We use a COE of 11.3% and a WACC of 11.2%. Primoco is trading at c.44-17x P/Es and 32-12x EV/EBITDAs for 2025-26E, on our estimates. Compared to our aerospace and defence peer group, this represents a 29% premium on the 2025E P/E and a 72% premium on the 2025E EV/EBITDA. In 2026E, contingent on Primoco delivering 40 UAVs, which would constitute a record-high result, our estimates imply a 38% discount on P/E and a 33% discount on EV/EBITDA vs. its peers. That said, we note that, if we screen Primoco against the CEE industrial and manufacturing companies under our coverage, its multiples would look stretched in comparison, as our CEE industrial peers (Doosan Skoda Power, GEVORKYAN, Budimex and Kety) trade at 9-10x 2026E EV/EBITDA, on the Bloomberg consensus.

What is the best peer group? Many of the companies we use in our peer group are either large and well-established defence contractors, or global OEMs, like Airbus or Boeing. We recognise that this is not an ideal comparison, as expecting a small Czech company to trade in line with its larger peers is

ambitious. We have also been able to identify several European drone manufacturers, which have raised money recently, to expand their operations, which would be a better peer group for Primoco. However, we have been unable to find any relevant transaction multiples for any these funding rounds, as all of the companies are private, and limited in their disclosure. For reference, we believe that the ideal peers for Primoco include Tekever, Schiebel, Quantum Systems and Skyeton.

What is priced in currently? At the current share price of CZK 1,000/share, a stable EBITDA margin of 40%, capex in line with management's guidance and higher working capital, the share price reflects 40-50 UAV deliveries p.a. over 2026-28E, at maximum capacity, which is still double the 2023-25E average of c.25 drones p.a. From 2029E, the current share price reflects 90 drones delivered p.a. through to the terminal period, in line with our estimates. Using our WACC assumption of 11.2%, we reach a fair equity value per share of CZK 1,000, which is the current share price. While the company is building a new production hall, targeting up to 250 UAVs p.a., the visibility beyond 2025E remains limited (no contracts have been signed for 2026E yet), and could already prove optimistic, so we view the current average delivery assumptions as fair, and do not see meaningful upside for the current share price.

Risks. No backlog; delays in the signing of potential contracts; low revenue visibility; currency risk; capex for the new production hall; a highly-concentrated client base; single product risk; key person risk; reputation risk; regulatory risk; and other risks.

Catalysts. More tender wins; and weapons-equipped UAVs used for military purposes.

Risks

- ✓ **The company has no backlog.** Primoco is producing drones continuously, despite having no backlog. It adjusts its production based on potential deals that are in advanced stages, but do not have a final signed contract. It is much easier to estimate UAV sales and deliveries based on the backlogs at its peers. On the other hand, Primoco's flexible model could prove efficient in capturing short-notice government orders.
- ✓ **Delays in the final signing of potential contracts.** More than 90% of Primoco's revenues come from governments, and it has said that it sometimes takes longer than expected (a 3-6M delay) to sign the final agreements, due to regulatory processes.
- ✓ **Low revenue visibility.** The company publishes indications on potential tenders that it could apply for in the coming quarters, but there might be delays in the final signing of the contracts, which could translate into lower revenues than its comments indicate. Given the low number of units sold and delivered, there may be quarters when it does not deliver any UAVs, which could translate into revenue-less quarters, effectively. As a result, earnings volatility is very high, and the visibility on the results is low.
- ✓ **Single product risk.** The company only produces one UAV platform currently, the Primoco One 150, while most of its direct competitors produce a wider range of unmanned platforms, including kamikaze drones, loitering munitions, tactical, and MALE and HALE class UAVs.
- ✓ **Volumes may trail our estimates and management's optimistic forecasts.** Primoco's current facilities can produce up to 50 drones annually, but it has only sold 75 units cumulatively in 2023-25E, or 25 p.a. The key issue is not production capacity, but the lack of demand. This, in our view, is a critical risk for the investment case and our forecasts. It is possible that companies and governments around the world have woken up only recently to the importance and usefulness of drones, on the battlefield and elsewhere, but the limited demand for Primoco's UAVs could also relate to customer perceptions of its product, or price sensitivity. While a slower performance than anticipated, in terms of revenues growth, should not have existential repercussions, thanks to its conservative, fully equity funded balance sheet, a sales shortfall vs. our estimates could mean that the current price levels are too expensive.
- ✓ **Competition from cheap drones.** In Primoco's payload category, management believes that the Primoco One 150 is price competitive. That said, the industry seems to be evolving at break-neck speed and companies with a presence in Ukraine are especially able to churn out smaller drones at very competitive prices. We see a risk that some of Primoco's prospective customers may be able to achieve their objectives with lighter sensor/optics packages. In certain use cases, customers may decide that having several smaller drones, with a shorter range and lighter payload, may be preferable to a relatively expensive unit, albeit a bigger and more capable one.
- ✓ **Runway requirement.** The Primoco One 150 needs a minimum 300m runway for take off, which could be a hurdle for some specialised missions that would need to take off in the field. A catapult-launched drone may be an advantage in these kinds of missions.
- ✓ **Currency risk.** Primoco UAV is a Czech export company, with contracts signed in EUR, while most of its costs are in CZK. If the CZK appreciates, there would be a risk for Primoco's profitability.
- ✓ **Capex for the new production hall.** Primoco should begin the construction of a new production hall in 2026E, to boost its current production capacity from 50 UAVs p.a. to c.250 p.a. Currently, we assume capex of CZK 550m, to be invested over 2026-28E. If the equipment for the production assembly (robots, machines) is more expensive than we estimate, the capex might exceed our expectations.
- ✓ **Ramping up execution.** In recent years, the company has been selling c.25 drones p.a., and it remains a relatively-small, founder-centric business, with around 50 employees. Going forward, it plans to ramp up capacity materially, potentially fully utilising the 250-unit production facility. This would require it to employ a bigger workforce and, if its expectations on increased sales volumes do not materialise, this could become a significant risk, due to utilising only part of its capacity, while the margins may also decline.
- ✓ **Highly concentrated client base.** Over 65% of Primoco's revenues and EBITDA came from Ukraine over 2022-24. While the war has supported the demand for Primoco's UAVs for border monitoring and intelligence gathering, a ceasefire might lead to significant challenges in diversifying its client base. We note that the company is actively diversifying beyond Ukraine, with signed MOUs and tenders in Asia, the Middle East, and the EU security markets.

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- ✓ **Key person risk.** The potential incapacity or loss of its founder and CEO, Mr. Ladislav Semetkovský, who determines and implements the company's operating strategy, could have an adverse impact on its operational performance. In the event of a change of control, there can be no assurance that Primoco UAV would be taken over by a qualified person, or that the subsequent operator would not change the business, operations, or fundamental strategy and focus of the company materially.
 - ✓ **Reputation.** If there is an accident and a drone suffers substantial damage, including to the payload, which is often the most expensive part of the unit, this might pose a reputational risk for the product, which could result in fewer contracts signed and lower revenues. We note that Primoco received the NATO STANAG 4703 certification after significant aerial testing. The UAV proved to be efficient and there has been no major incident during more than 1,000 flight hours.
 - ✓ **Regulation.** Changes in military regulatory standards may pose a risk for Primoco's operations.
 - ✓ **Other risks.** Macro risks; geopolitical risks; and low liquidity on the Prime Market of the Prague Stock Exchange.

The Primoco One 150: a tactical UAV for civilian and military purposes

Primoco UAV is a Czech company that produces its own unmanned aerial vehicle (UAV) in the tactical ISR segment: the Primoco One 150. Founded in 2015, with a vision of building a tactical, dual-use (civilian and military) UAV, the company has since manufactured 200+ units. Its UAVs operate on four continents and in 15 countries. In March 2025, the company received the NATO STANAG 4703 certification, which is applicable for light UAVs with a MTOW of <150kg. This is a key step towards supporting the platform's military airworthiness and deployment. Primoco was listed in 2018 and trades currently on the Prime Market of the Prague Stock Exchange.

The only civilian drone in its class with military certification

Primoco One 150 has a MTOW of 150kg, with a flight endurance of up to 15 hours, a range from the ground control station (GCS) of up to 200km, and an overall distance covered of up to 2,000km. It cruises at a speed of 100-150km/h, and is able to reach an altitude of 3.3km above sea level. It can carry a payload of up to 30kg. Within the NATO classifications, we believe these features place the Primoco One 150 within the Class II - Tactical category.

The Primoco One 150 has been fully developed and is produced in-house, with only the sensors being ordered from its suppliers, based on a client's preference. The critical materials for the production of the UAV are carbon, Kevlar, glass and aircraft-durable aluminium (Dural), which it sources from different European companies. It is equipped with an autopilot system that allows for fully automatic take-off and landing, and fully autonomous flight plan execution. The Primoco One 150 is not a vertical take-off and landing (VTOL) drone, but features fully automatic take-off and landing capabilities. It needs at least a 300m runway to take off and land.

Technical specifications

Wingspan	4.85m
Length	3.65m
Maximum take-off weight	150kg
Payload	1-30kg
Maximum range from GCS	200km
Maximum distance	2,000km
Cruising speed	100-150kph
Endurance	15 hours
Maximum altitude	3,300 metres (FL100)
Runway length	300 metres

Source: Company data

With its 30kg payload, the drone can carry several systems and sensors for any mission it carries out, based on a customer's preference. As a dual-use platform, it can also carry military-grade sensors. These could include: electro-optical (EO) sensors, such as thermal cameras; laser sensors, such as light-weight LIDAR or laser target designators; low-power and light-weight radar systems (for example, Utah-based IMSAR's NSP-7 synthetic aperture radar, which was integrated successfully into the UAV in 2020); and the NATO Link16 tactical datalink pod and communication systems.

Typical missions flown by Primoco One 150



Source: Company data

The Primoco One 150 is used mainly for monitoring, surveillance and intelligence gathering purposes. While it does not carry any weapons systems currently, it may still be used on the battlefield, for reconnaissance, communications relay, and artillery and electronic warfare support missions when equipped with the relevant sensors. Its capabilities and typical missions cover border surveillance, target detection, coastline patrol and illegal traffic detection, civil protection, core infrastructure (pipeline, railway, road corridor monitoring) monitoring, search and rescue (SAR) operations, environmental monitoring and calibration of air traffic control and airport approach systems, such as TACAN, ILS and VOR.

Primoco has manufactured c.200 UAVs since its establishment and delivered these to 15 countries on four continents. More than 90% of its customers are governments (military sector), with a small share of civilian users, including police forces, where the company expects high demand: instead of using manned helicopters, which incur high operating expenses, drones offer a less expensive alternative for aerial observation, in terms of costs of acquisition and operation. The company has seen increased demand for its products following the invasion of Ukraine in 2022. Between 2023-24, it delivered 57 UAVs to its customers, with total revenues of c.CZK 1.0bn.

The Primoco One 150

Fitted with EO sensor package at Písek-Krašovice



Source: Company data

Combining multiple sensors

Optical sensors RGB/NIR/SWIR/MWIR/LWIR

Laser sensors LIDAR

Radar sensors Ku band

Radio sensors cells, satphones, VHF/UHF

Comm systems MANET

Dual use platform, military-grade sensors



Source: Company data

Primoco's standard contract for one UAV plus components and services is valued at EUR 1.1m (CZK 26-27m). Each sale bundles the UAV with a GCS, which can be either a portable box (for rapid installation in a vehicle, shelter or the open air), or installed in a vehicle for greater comfort for long-duration missions, alongside the customer-specified sensors, pilot training, and spare parts. Contracts are typically signed for a minimum of three UAVs, with the scope tailored to the client's mission profile.

A typical contract for one UAV

	EUR
UAV	0.4m
Ground control station	0.3m
Sensors	0.3m
Pilot training	0.1m
Total	1.1m

Source: Company data, WOOD Research

Ground control station



Source: Company data

The time between signing a contract and delivery is 3-6M, depending on the payload that needs to be installed in the UAV. The company expects the value of its contracts to increase, on the back of higher prices for sensors and materials.

From simply dividing the revenues from the company's financials by the number of drones delivered, we get a unit price of EUR 0.7-0.8m. We note, however, that each contract is different, and the value may vary, depending on the number of sensors in the payload, additional services, or a large contract for 10+ UAVs, which could be offered at a discount.

Primoco owns its own airfield. Owning the Písek-Krašovice airfield gives Primoco a clear advantage. It can fly whenever it needs to, without waiting for slots at public airfields, which speeds up test flights, new sensor fit-outs, and reliability checks. The site also serves as a training ground for pilots, so the company can teach and certify crews in one location. In addition, having a dedicated airfield makes it easier to work with the regulators and prove a UAV's safety, including longer beyond line-of-sight (BLOS) flights.

Certification

Primoco UAV holds several important certifications, which gives it a unique position in the UAV market. The Primoco One 150 is the first aircraft in the world to have obtained the EASA LUC SAIL III light unmanned certification for a 150kg fixed-wing UAV, which enables it to operate in populated areas under European regulations. It is also approved as a design and production organisation under the EMAR 21/military airworthiness standards, further supporting its dual-use (civilian and military) positioning.

The company received the NATO STANAG 4703 certification in March 2025. STANAG 4703 is NATO's airworthiness framework for all light unmanned aircraft systems (c.<150kg, with reference to AEP-83). It defines the engineering and safety requirements that must be met by a light UAV, for it to be considered airworthy for military and mixed operations across NATO nations, allowing mutual recognition of certification, rather than retesting the same UAV in every market. Primoco One 150 is the first UAV in its class to obtain this certification, which could expand its the commercial runway materially, in our view.

The STANAG 4703 certification qualifies the platform for a wider range of NATO tenders, shortens evaluation and flight-release timelines, and should improve win rates in BVLOS ISR, border/coastal surveillance and range-support programmes. The recognised airworthiness baseline also reduces programme risk for buyers, supporting firmer pricing and the pull-through of higher-margin services, such as training, CAMO/continuing airworthiness, and the availability of SLAs. In addition, it strengthens the potential for partnerships with European sensor/radar, naval and border-security integrators and facilitates local assembly/MRO to meet sovereignty/offset requirements. Taken together, these imply higher sales volumes, faster conversion from pilot programmes to multi-year contracts, and better revenue visibility.

Partnership with Airbus. Primoco has entered an integration partnership with Airbus Defence & Space (not a JV/equity tie), under which Airbus's Teaming Intelligence autonomy/mission-management and AI-based target recognition stack have been demonstrated on two Primoco One 150 airframes during live trials at Písek-Krašovice. The demonstration included multi-UAV sector search, dynamic task reallocation and cue-to-confirm workflows from a single Airbus ground station.

The partnership is platform-agnostic on Airbus's side but, combined with Primoco's STANAG 4703 certification, it strengthens Primoco's positioning in NATO BVLOS ISR tenders materially, by pairing a certified air vehicle with a prime autonomy solution, reducing integration risk and shortening the time-to-field. Management guides that the first sales from the Airbus cooperation could materialise as early as next year, although no target volumes have been disclosed.

Primoco's factory in Prague-Radotín can produce roughly 50 drones p.a. The facility employs c.50 people currently, although Primoco has not released the specific numbers of engineers, sales and other employees at the assembly plant. The factory works a single shift, and the current capacity of the production hall is 50 UAVs p.a.

Primoco's facility in Prague-Radotín



Source: Company data

Strategy: a new factory on the way, UAVs equipped with weapons

The proposed production hall is planned to have capacity of up to 250 UAVs p.a. The new facility should be built close to its airfield in Písek-Krašovice, and Primoco envisages that production should start in 2028E. It then plans to close its current plant and to move its entire operations to Písek. The company estimates the all-in capex (including construction, equipment and machinery) at c.CZK 0.5bn. The new production hall should quintuple the current production capacity, which management expects to allow it to monetise the current global strong demand for light, tactical drones. That said, we note that, in the past three years, Primoco has sold and delivered only c.25 drones p.a., which means that the existing facility still has ample headroom, in terms of capacity. If management's expectations for the growth in the number of orders fail to materialise, the ROI at the new factory, and its utilisation, could be low.

Visualisation of the new production hall at Písek-Krašovice



Source: Company data

Weapons-equipped UAVs used for military purposes. It is possible that Primoco may decide to expand its business beyond ISR, to weapons-equipped battlefield drones. This is in the very early stages, however, and Primoco has not made many comments on this particular area thus far. However, Rheinmetall, a Düsseldorf-based defence company, exhibited a model of such a system at the Drone Days 2025 exhibition (held by b.r.m. IT & Aerospace GmbH on 27-29 August at the Oldenburg-Hatten Airfield) and selected the Primoco One 150 as its platform. Currently, Rheinmetall is working on a drone equipped with an ultra-light, short-range air-to-air missile, for self-defence against combat helicopters and other drones, which can carry three light-weight loitering munitions. We note that this was only a presentation, and no contract has been signed yet, but Primoco's management has indicated that, if the co-operation does go ahead, it may deliver up to c.100 UAVs to Rheinmetall.

According to Rheinmetall, the use of a Primoco drone to present the concept, rather than its own Luna NG, was for two main reasons:

- ✓ A catapult launch with the force of several Gs would place considerable stress on the missiles, while the Primoco drone takes off and lands like a normal aircraft; and
- ✓ The Luna NG has limited space for ordnance under its wings, as its payload capacity is limited to 30kg.

It should be noted, however, that the global armed UAV market has no shortage of more-sophisticated unmanned platforms with superior capabilities in terms of flight performance (cruising speed, maximum range, flight altitude) and payload capacity (higher MTOW, allowing them to carry more weapons and sensors at the same time, giving such platforms multi-role capability) and most of these have also been combat-proven during the Ukraine war (Turkish Bayraktar TB-2); the 2025 Iran-Israel conflict (IAI Heron and Elbit Hermes 900); the Libyan civil war (Chinese CH-4, Wing Loong-II, Bayraktar TB-2); and the Turkish counter-insurgency operations in Iraq and Syria (Turkish Aerospace Anka, Aksungur and Baykar Akinci).

Moreover, long-range loitering munitions and kamikaze drones with autonomous strike capabilities, such as the Iranian Shahed 136 (used by Russia in Ukraine), the American Switchblade, produced by AeroVironment, the Israeli Elbit Skystriker, and Polish WB Group's Warmate, are other competitors when considering the option to weaponise light, tactical UAVs, such as the Primoco One 150. For instance, in June 2025, Rheinmetall announced a strategic cooperation with US company Anduril Industries, under the Barracuda project, to develop an affordable, mass-produced, modular and quickly deployable family of autonomous air vehicles, to address the gaps in Europe's unmanned strike/drone capability.

Weaponised Primoco One 150 concept by Rheinmetall at the Drone Days 2025 exhibition

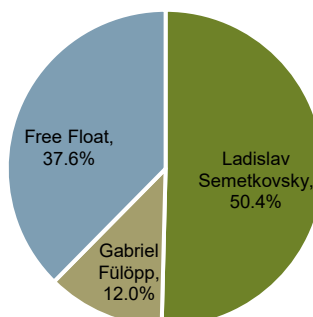


Source: Company data

Ownership structure and corporate governance

The majority owner of Primoco is its founder and CEO, Ladislav Semetkovský, who holds 50.4% of the shares. Gabriel Fülöpp has also invested in the business since its establishment and holds a 12.0% stake. The remaining 37.6% is in free float. There are 4.7m shares outstanding.

Ownership structure



Source: Company data, WOOD Research

Corporate governance

As well as the management board, the company has a statutory body (the Board of Directors), and a controlling body (the Supervisory Board).

Board of Directors

Ladislav Semetkovský (Chairman). Mr. Semetkovský is a Czech entrepreneur and licensed pilot, with over 25 years' experience in technology and business. He founded Primoco UAV SE and is currently its CEO, Chairman of the Board of Directors and the majority owner. He began his career in digital media, founding Media Online, and later developing international e-business projects. He speaks Czech, Russian and English. He is also a member of the company's Management Board.

Petr Kováč (Member). Mr. Kováč is a Czech investment banker with over 30 years' experience in corporate finance and the capital markets. He joined Patria Finance in 1995, where he led over 120 M&A and advisory projects, including landmark transactions, such as the acquisition of IPS by Skanska and the EUR 1.6bn IPO of NWR in 2008. In 2013, he founded C Corporate Finance, advising Czech and international clients on M&A and bond issues. Since 2019, he has been a Partner at EY for Corporate Finance in the Czech Republic and Slovakia, and currently serves as a Director at EY-Parthenon, as well as his role at Primoco UAV SE. He holds a degree in civil engineering from the Czech Technical University in Prague.

Romana Wyllie (Member). Ms. Wyllie is a senior executive with over 30 years' experience in marketing and communications across multinational finance, media, pharmaceutical and telecommunications companies. She has held senior roles at organisations, including CME, PPF, AstraZeneca, and Czech Telecom, leading strategic communications, investor relations, and corporate marketing initiatives. Her expertise spans external and internal communications, brand management, and public relations, with a strong track record in managing cross-functional and international teams. Since 2023, she has been serving as a Member of the Board of Directors at Primoco UAV SE and its Investor Relations Director. She holds a MBA from the University of Chicago and a Master's degree in English, Russian and Psychology from Charles University in Prague.

Management Board

Ladislav Semetkovský (CEO).

Jakub Fojtík (Vice President of Business Development). Mr. Fojtík has been with Primoco since 2020 and leads its global business development. He has over 15 years of experience in the aerospace industry, previously holding senior roles at AERO Vodochody AEROSPACE and LOM Praha. His expertise includes international contracting, market analysis and defence programme management. He has a Ph.D. in Security Law from the Police Academy of the Czech Republic in Prague and a Juris Utriusque Doctor in Traffic and Security Law from the Academy of the Police Force in Bratislava.

Jaroslav Svoboda (Vice President of Manufacturing). Mr. Svoboda joined Primoco In October 2025, and oversees all its production and technical operations. Prior to joining the company, he held different positions in the OK Aviation Group.

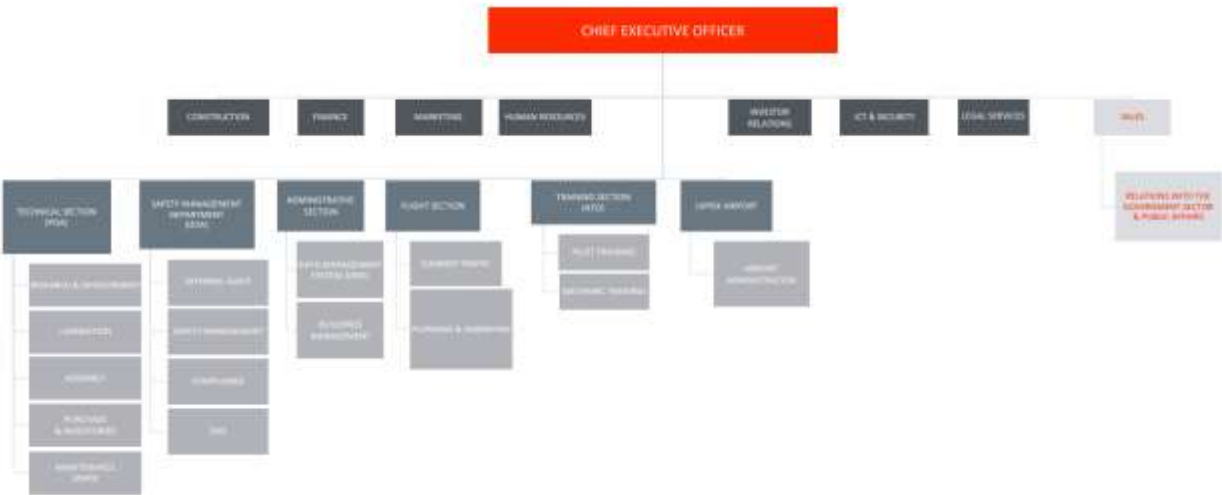
Lenka Holsteinová (Vice President for Legal Affairs and General Counsel). Ms. Holsteinová joined Primoco in 2023, and oversees all legal and compliance matters. She previously served as Legal Counsel at Charles University and Legal Assistant at OKIN Group, specialising in contractual and employment law. She holds master’s degrees in Law and Legal Theory, and European Cultural Studies.

Miroslav Mišík (Vice President of Finance). Mr. Mišík oversees financial planning, controlling, and reporting at Primoco.

Vladan Ševčík (Vice President for Quality and Airworthiness). Mr. Ševčík joined Primoco in 2024, and ensures compliance with quality and airworthiness standards. He brings over 20 years of experience in aviation regulation, having served as the Head of the Airworthiness Department at the Ministry of Defence of the Czech Republic, and later held senior roles at AERO Vodochody AEROSPACE and OMNIPOL.

Jakub Toman (Chief Pilot). Mr. Toman has been with Primoco since 2023, and oversees all flight operations and pilot training. He is a certified drone operator, with prior experience from Strix Inženýring. He holds Master’s and Bachelor’s degrees in Business and Managerial Economics from the University of Finance and Administration in Prague.

Organisational structure



Source: Company data

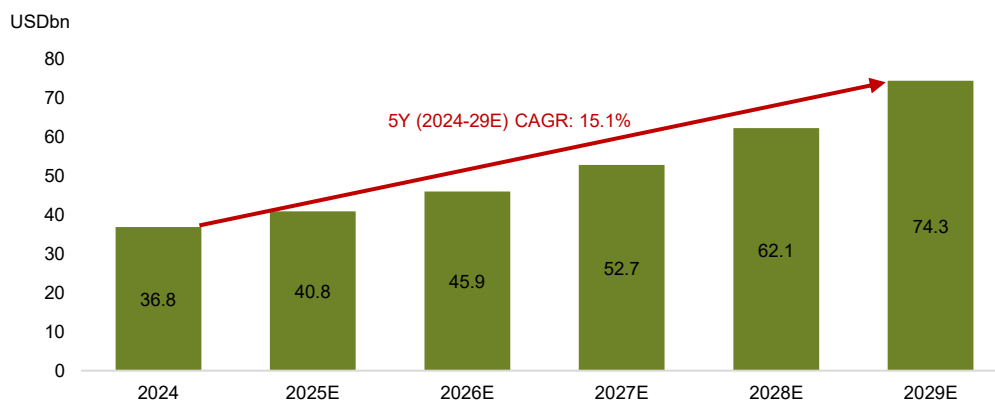
Market overview: UAV market on fire

The UAV market is riding a structural inflection as modern conflicts prove that inexpensive, scalable drones, from small ISR platforms to long-range loitering munitions (aerial weapons with a warhead that can stay airborne over an area and search for a target, thanks to autonomous flight features), are reshaping modern military doctrines and battlefield economics. Drones compress the sensor-to-shooter loop, saturate targets through swarming, and deliver a favourable cost-per-effect vs. manned assets, while their nature shifts the risks from pilots to platforms. This is driving doctrines towards persistent aerial surveillance, precision strikes at stand-off ranges, and combined arms built around ISR + EW + counter-uncrewed aircraft systems (UAS), rather than air superiority alone. This reality is redirecting budgets away from a few expensive manned assets towards broader fleets of modular UAVs, with autonomy and mission software, resilient datalinks and layered counter-UAS defences. For the UAV industry, the result is higher volumes, faster refresh cycles and growing service revenues tied to training, sustainment, data processing and continuous software upgrades.

However, it should also be noted that, when faced with a capable enemy air defence network, kamikaze drones and armed UAVs cannot fully replace manned strike aircraft, which can carry and launch heavier munitions from longer ranges in contested air space. Armed UAVs are easy prey for fighter aircraft, and ground-based air defence and electronic warfare systems, as evidenced by the low success rate of the Russian and Iranian attack drones in the Ukraine conflict and the recent Iran-Israel clash. For instance, according to the *Wall Street Journal* (13 May 2025), Ukrainian air defences had intercepted 82% of Russian kamikaze drones over the previous six months, while analysis by the Centre for Strategic & International Studies suggests that Russian attack drones had a success rate of 10%.

The global UAV market is expected to see a 15.1% CAGR, from USD 36.8bn in 2024 to USD 74.3bn in 2029E, according to Ernst & Young (EY). Among the main demand drivers, EY sees growing investment in UAVs for military purposes by nations such as the US, Russia, and China, driven by cost-effectiveness, enhanced surveillance and their strategic benefits in modern warfare. EY also sees a trend towards the rising adoption of UAVs as a cheaper, more flexible alternative to fighter jets, offering capabilities such as monitoring, intelligence, and reconnaissance, as well as targeting and precision strikes with reduced collateral damage. In addition, the development and use of miniaturised electro-optical/infrared (EO/IR) systems, enhancing UAVs, are cost effective for both defensive and civilian use.

Global UAV market expected to see a 15.1% CAGR from 2024-29E

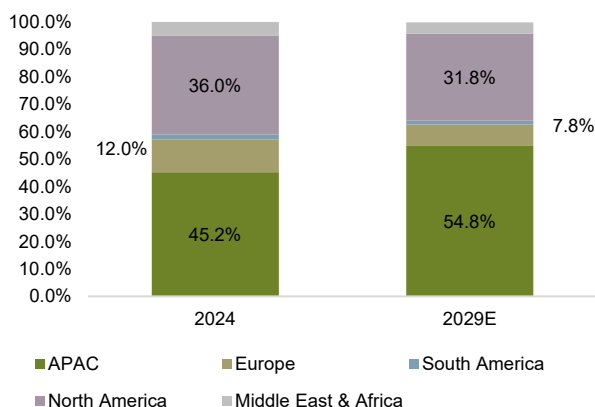


Source: Technavio, EY Insights Analysis, WOOD Research

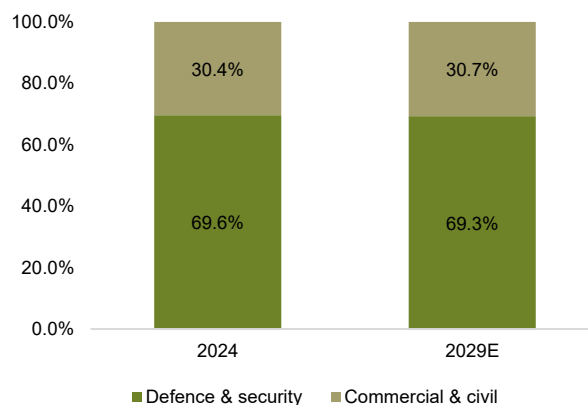
Based on EY's analysis, APAC has the highest share of the UAV market, at around 45.2% in 2024. North America has 36% and Europe is at 12%. EY estimates that APAC's share will rise, and could reach c.55% in 2029E, as India and South Korea are among the fastest-growing markets. Over the same period, it expects the market shares for North America and Europe to decline to 32% and 8%, respectively.

According to EY, defence and security applications make up c.70% of the global UAV market, with commercial and civilian use at 30%. It expects the market share by application to be broadly the same in 2029E, with defence and security at 69%, and commercial and civilian use at 31%.

Global UAV market by geography 2024-2029E



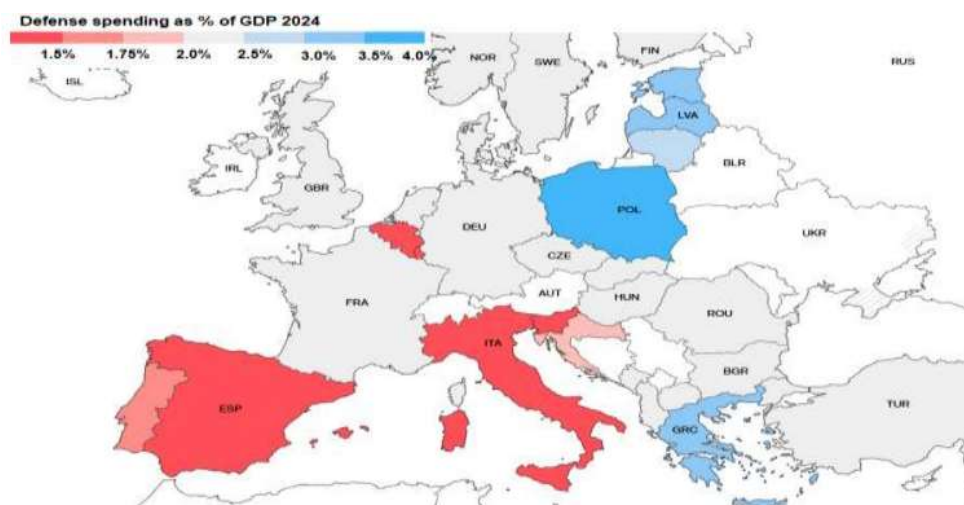
Global UAV market share by application 2024-2029E



Source: Technavio, EY Insights Analysis, WOOD Research

EU defence budget expansion. In response to the war in Ukraine and the heightened geopolitical tensions, EU member states have increased their defence budgets significantly. Combined EU defence spending rose from EUR 218bn in 2021 to EUR 343bn in 2024, corresponding to 2.0% of EU GDP. Additional spending of more than EUR 100bn is projected by 2027E. The European Defence Agency (EDA) forecasts EU defence spending to reach EUR 800bn by 2035E. These commitments are complemented by initiatives such as EDIRPA (grants for joint procurement), the ASAP munitions production programme, a proposed Security Action for Europe (SAFE) loan instrument, and the first-ever European Defence Industrial Strategy, all of which seek to accelerate procurement from European suppliers and reduce dependence on non-European equipment.

NATO member's defence spending in 2024, as a % of GDP



Source: NATO, SIPRI, WOOD Research

Based on the NATO classification of UAV systems, we believe the Primoco One 150 fits into NATO's Class II - Tactical UAVs, with a maximum take-off weight (MTOW) of 150kg and a 200km range. It competes with large and established players in the defence space, such as AeroVironment, General Atomics, Elbit Systems, Baykar, Turkish Aerospace (IAI), and Chinese producers, among others.

NATO classification of UAV systems by operational performance and major players

NATO Class	Approximate MTOW*/x altitude/max range	Typical role	Representative systems
Class I - Small	<150 kg, <5,000 ft AGL, range <50km	Small tactical UAVs for platoon level ISR and recon missions	AeroVironment RQ-11 Raven, Puma AE; Elbit Systems Skylark I/II; IAI BirdEye 400/650; STM Kargu; Black Hornet
Class II - Tactical	150-600 kg, <10,000 ft AGL, range 50-200km	Tactical ISR for battalion/brigade-level ISR and communication relay, target acquisition or light strike missions	Elbit Systems Skylark 3, Elbit Systems Hermes 90; IAI Searcher Mk II; Baykar Bayraktar TB2; Textron RQ-7 Shadow; Insitu ScanEagle; Thales Watchkeeper, Primoco One 150
Class III - MALE (medium-altitude and long endurance)	>600 kg, <30,000 ft, range >200km	Theatre-level ISR, with limited strike capability, persistent surveillance or electronic warfare capability	Baykar Bayraktar TB3; Baykar Akıncı; Elbit Systems Hermes 450/900; IAI Heron 1; Turkish Aerospace Anka; MQ-9 Reaper; Leonardo Falco Evo
Class III - HALE (high-altitude and long endurance)	>600 kg, >30,000 ft, intercontinental range	Strategic ISR, SIGINT, electronic warfare capability, long-endurance coverage with sizeable munitions payload that is inferior to manned fighter bomber aircraft	IAI Eitan (Heron TP); Turkish Aerospace Aksungur; Northrop Grumman RQ-4 Global Hawk; MQ-9B SkyGuardian
Next-Gen combat UCAV	Jet powered, stealthy combat UAV comparable in performance to manned combat aircraft	Substitutes for manned fighter bombers or performs "loyal wingman" / "tanker" roles along manned fighter jets. Significant attack capability with a weapons payload comparable to manned strike aircraft	Baykar Kizil Elma, Northrop Grumman X-47B, Boeing MQ-25 Stingray, Dassault Aviation Neuron, Kratos XQ-58A Valkyrie

Source: WOOD Research, NATO, US DoD, Janes, US Congress Research Service

Primoco's competitors

According to Primoco UAV, its main competitors in the tactical ISR drone market are: AeroVironment, Tekever, Schiebel and Quantum Systems. In our view, Israeli light tactical ISR drones from Elbit Systems (Skylark and Hermes 90) and IAI (BirdEye 650 series), and Turkish variants, such as STM's VTOL tactical UAV, Baykar's KALKAN VTOL UAV and Titra's ALPIN-2, also compete in the same category. Looking at some of these UAVs, we discuss the most comparable models to the Primoco One 150 below. The customer base is also comparable, as these companies often compete in the same tender processes.

Primoco UAV: key competitors

Company	Flagship UAV (class)	Key strengths
Primoco UAV (Czech Republic)	One 150 (fixed-wing)	Long endurance (15 hours), large payload (30 kg), EU/NATO certifications (EASA LUC, STANAG 4703), ITAR-free
AeroVironment (US)	JUMP 20 (Group 3, VTOL)	VTOL*, quick deployment, US Army integration
Tekever (Portugal)	AR5/AR3 (maritime ISR, fixed-wing & VTOL)	Integrated maritime sensors (radar, AIS), service-based model, established EU maritime contracts
Schiebel (Austria)	CAMCOPTER S-100 (VTOL)	Proven shipboard operations, helicopter-type capabilities
Quantum Systems (Germany)	Vector & Trinity (VTOL-hybrid)	Lightweight, high automation, AI-enabled autonomy

Source: Companies' data, WOOD Research *vertical take-off and landing

AeroVironment

AeroVironment is a US leader in small and tactical uncrewed aircraft systems (sUAS/tUAS), and the loitering munitions used for ISR and precision strikes. The portfolio spans the hand-launched Group-1 sUAS (Raven, Wasp, Puma), Group-3 VTOL fixed-wing (JUMP 20) UAVs, and the Switchblade 300/600 loitering munitions family. Recent portfolio moves include the acquisition of Arcturus UAV (adding the JUMP 20, Group-3 VTOL UAV) and Tomahawk Robotics (AI-enabled common control), reinforcing a hardware + software + munitions stack and a path to multi-domain teaming.

The **JUMP 20 UAV** is comparable to the Primoco One 150. It has 13+ hours of endurance, a c.185km range, a 30lb payload and uses runway-independent VTOL. It has demonstrated its capabilities in at-sea ISR with the US Navy 4th Fleet. The JUMP 20-X variant adds a modular open system approach (MOSA), allowing the user to swap radios, sensors or software without redesigning the whole platform, and shipboard autonomy.

JUMP 20 UAV



Source: AeroVironment

AeroVironment sells its UAVs predominantly in the US, although some sales have also been made in Europe. In February 2025, Denmark ordered an undisclosed number of JUMP 20s for an undisclosed price; while, in April 2025, Italy signed a deal for 20 JUMP 20s, at a cost of USD 47m. In FY25 (to end-April 2025), the company generated revenues of USD 821m and EBITDA of USD 123m, implying an EBITDA margin of 15.8%. It reported net profit of USD 73.5m.

Tekever

Tekever is a Lisbon-based, ISR-focused UAS maker with operations across Europe and the UK. Its portfolio spans hand-launched micro-ISRs (AR4), shipborne/tactical fixed-wing UAVs with optional VTOL (AR3/EVO), and a twin-engine MALE-class maritime ISR platform (AR5). It also offers “surveillance-as-a-service” (sensor hours + data delivery) and ATLAS mission software. Its key European customers include members of the European Maritime Safety Agency (EMSA), and the UK Home Office, with growing UK investment and partnerships in radar and satellite communications (satcoms). Tekever has delivered its products to more than 15 countries worldwide.

Its core products are:

- ✓ **AR3/AR3 EVO (shipborne/tactical ISR).** This has a 3.5m wingspan; a 4kg payload; fixed-wing flight endurance of up to c.16 hours (VTOL variant up to c.8 hours); a c.100km communications range; catapult/VTOL launch options; and parachute/net/belly/water recovery. The EVO option adds a dual-mode VTOL/fixed-wing, higher autonomy and confined-deck operations (as small as 5×5m). The ISR payloads include EO/IR, an automatic identification system (AIS), maritime/SAR radar, variants and recent updates reflecting battlefield feedback.
- ✓ **AR5 (twin-engine maritime ISR).** This is a medium-altitude/medium-endurance platform for coastguard/SAR/maritime patrols, with c.12-20 hours' flight endurance and a c.50kg payload, beyond line-of-sight (BLOS) operations via satcoms, AIS, maritime radar, EO/IR, and a lifeboat deployment module validated with the EMSA/Italian Coast Guard.

AR5 UAV



Source: Tekever

On May 2025, Tekever announced that it plans to build the largest drone manufacturing facility in the UK, following the UK's push to expand its domestic weapons production. The investment could be as much as c.GBP 400m. Based on Tekever's statements, this would bring its valuation above GBP 1bn. We note that this is private company, and no information on its financials and contract deliveries is publicly available.

Schiebel

Schiebel is based in Austria, and develops and operates rotary-wing VTOL ISR UAS centred on the CAMCOPTER S-100, with a heavier S-300 in advanced development. The S-100 is deployed widely for maritime border security, SAR and naval ISR. The Royal Navy has fielded the S-100 as “Peregrine” with a Thales sensor stack (including the I-Master SAR/GMTI radar/observation system) for front-line operations. Its products operate in more than 25 countries worldwide.

Its core comparable product to the Primoco One 150 is the **CAMCOPTER S-100 VTOL ISR helicopter:**

- ✓ **Range/operations.** VTOL, no launch/recovery equipment requirement; day/night and adverse weather options; up to 200km line of sight (LOS).

- ✓ **Payload and bays.** It has a 50kg main bay, plus multiple auxiliary/side/nose bays (10kg each) enabling multi-sensor loads, such as EO/IR, AIS, “sniffer”, HF DF, GPS anti-jamming and Deckfinder/Harpoon maritime radar/surveillance payload for shipborne operations.

Schiebel is a private company and there is no information available on its financials, potential contracts or backlog. In August 2025, the company signed a contract with the Royal Canadian Navy to deliver two CAMCOPTER S-100 systems, with options for the purchase of a further four.

CAMCOPTER S-100



Source: Schiebel

Quantum Systems

Quantum Systems, based in Munich, Germany, develops mid-range electric VTOL fixed-wing ISR UAS and related software, with its flagship Vector (now “Vector AI”) platform, the Scorpion multi-copter configuration, and the mapping-class Trinity Pro. The operational focus is on contested/denied ISR, with a low acoustic signature, rapid set-up and long endurance. The firm has sold its products to Australia, Ukraine, and the US, and is increasingly positioned in service + sustainment contracts in NATO markets.

Vector/Vector AI (eVTOL fixed-wing ISR, “2-in-1” with Scorpion) is a mid-range eVTOL fixed-wing ISR system, designed for quick deployment and low-signature reconnaissance. Vector AI advertises 180+ minutes of flight endurance in fixed-wing mode (multi-copter endurance is typically far lower), wind tolerance up to c.12 m/s aloft, and medium-range data links. The latest datasheet highlights options such as a tether kit for persistent ISR, acoustic detection, and a drop-payload mechanism (lightweight kinetic or other loads). Earlier configuration sheets cite data link ranges of up to 40-60km, depending on the equipment installed. Combat usage and updates are informed by operations in Ukraine.

Vector



Source: Quantum Systems

These drones operate in nine countries, but the largest amount is in Ukraine. Germany had delivered 619 Vector drones to Ukraine as of April 2025. According to Reuters, Quantum Systems is close to completing a EUR 150m (USD 175m) funding round that could triple its valuation to EUR 3bn.

There are also a large number of small manufacturers, especially in Ukraine, where there are more than 150 drone producers, based on EY data. We note that these usually make small, kamikaze drones, although there are some start-ups in the ISR UAV market.

Although the product is a little different, drones from Skyeton, a Ukraine-based UAV manufacturer, are also being used in the conflict and, having been battlefield proven, could reach scale and be exported to the EU from the newly-established manufacturing facility in Prešov (Slovakia), which started operations in 2024.

Skyeton

Skyeton is a Kyiv-based developer of long-endurance, small tactical fixed-wing ISR UAS, and is best-known for the Raybird family (formerly ACS-3/Raybird-3). The platform emphasises quiet operations, c.24-28 hours' flight endurance, modular sensors, and rapid payload hot-swapping, and has been fielded widely in Ukraine, for deep reconnaissance and target acquisition. According to the company, combat usage exceeds 350,000 flight hours.

Its main product is the **Raybird**, a Class III fixed-wing vehicle with catapult launch/parachute recovery.

- ✓ Endurance/range: up to 28h endurance, with the mission radius/ferry range frequently cited as around 2,500km and a typical real-time datalink of 120-225+km, depending on the equipment installed. It has a ceiling of ~5,500 m and a MTOW of ~23 kg.
- ✓ Payloads: 5-10kg (EO/IR gimbals, mapping sensors, specialised EM/radar payloads).

Raybird-3



Source: Skyeton

As there is an export ban on defence systems from Ukraine, Skyeton has established a new c.1,000sqm production facility in Slovakia. It has invested c.USD 3.5m to launch production. In addition, in July 2025, Skyeton partnered with Prevail (UK) to produce the Raybird in the UK. Another partnership has been established for Raybird deliveries with Allies, a Polish defence solutions distributor.

In our view, the light tactical/ISR UAV market is very competitive, and designs with AI-backed autonomous flight and target detection/identification features are the key competencies for producers to focus on. From this perspective, internal R&D capabilities, as well as potential partnerships with high-tech sensor and autonomous mission software developers, play a key role. Moreover, we believe that UAV producers with battle proven systems in the Ukrainian theatre have a competitive advantage against UAV companies lacking modern battlefield experience.

Financial forecasts: revenues volatile, but strong margins and net cash

Given Primoco's 3-6M lead times, and effectively no backlog, we have very low visibility on its future earnings. In addition, due to the low volumes sold, earnings can be hugely volatile, both annually and from quarter to quarter. Although we discuss our forecasts below, we reiterate that the limited visibility means that making accurate predictions for sales and earnings over the coming years is extremely challenging.

Primoco's deliveries have declined from 33 units in 2023 to 18 in 2025E, driving revenues down from CZK 598m (2023) to c.CZK 396m (2025E). Obtaining the NATO certification in March 2025 opens up opportunities to participate in new tenders and, potentially, increase demand, but not in time for the deliveries to be included in 2025E. We assume a rebound from 2026E, with 40 UAVs potentially, delivered in 2026E, and 50 in 2027E, roughly double the 2023-25E average. As a result, we forecast a 2024-27E revenue CAGR of 41%.

The company enjoys EBITDA margins of c.30-50%. We pencil in 35% in 2025E, based on the 9M25 results, and 40% from 2026E-onwards, at the low end of management's guidance of 40-50%. In 2024, Primoco started a capex cycle for a new production hall, to quintuple its current production capacity. This will result in negative FCFF during 2025-26E, on our estimates, although we believe the company's net cash position should be sufficient to cover the capex, and we do not expect it to take on any debt.

We expect a 2024-27E revenue CAGR of 41%

The company's business model is highly dependent on contract wins. Once it wins a contract, it knows how many UAVs and other services are to be delivered to its customers. A contract win does not, however, guarantee that the defence ministries will find the money to support the contract and sign the final agreement, as has been the case in the past sometimes. We note that Primoco is producing its UAVs continuously, so deliveries (based on the number of UAVs) are made around 3-6M from signing the contracts, depending on the type of sensors that are outsourced.

Number of drones delivered is a key value driver. Once the company signs a contract, it reveals the number of drones sold to the investment community, which can be considered as its backlog. Once the UAVs have been delivered to the customer, Primoco recognises the revenues in its P&L. Therefore, it reports both the number of drones sold (the backlog) and the number of drones delivered (revenues).

We pencil in deliveries to reach 40 units in 2026E and 50 in 2027E. In 2023-24, Primoco was able to deliver 33 and 24 UAVs, while it is likely to deliver just 18 units in 2025E, based on the company's guidance. Obtaining the NATO certification in March 2025 opens up opportunities to participate in new tenders and, potentially, increase demand, but not in time for the deliveries to be included in 2025E. In 4Q25E, it expects to sign contracts for 42 units, according to its 9M25 presentation. Based on the market dynamics and management's guidance, we anticipate that the company could deliver 40 drones in 2026E and 50 in 2027E, with the latter at the maximum of its current production capacity.

The results have trailed the guidance historically. We note that the number of drones sold and delivered usually trails the company's guidance, sometimes by as little as half. On occasion, signing the final contract slips vs. the originally-anticipated timeline, which creates volatility in the top line, especially on a quarterly basis. With the absence of a longer backlog, it is almost impossible to estimate the company's earnings, in our view.

Number of drones sold/delivered

	2021	2022	2023	2024	2025E	2026E	2027E
KPIs (actual, WOOD forecast)							
Number of drones sold	0	22	33	26	32	50	50
Number of drones delivered	5	12	33	24	18	40	50
KPIs (expectations at BOP*)							
Number of drones sold	n/a	40	40	60	50	n/a	n/a
Number of drones delivered	n/a	40	40	60	30	n/a	n/a

Source: Company data, WOOD Research; *BOP = beginning of period

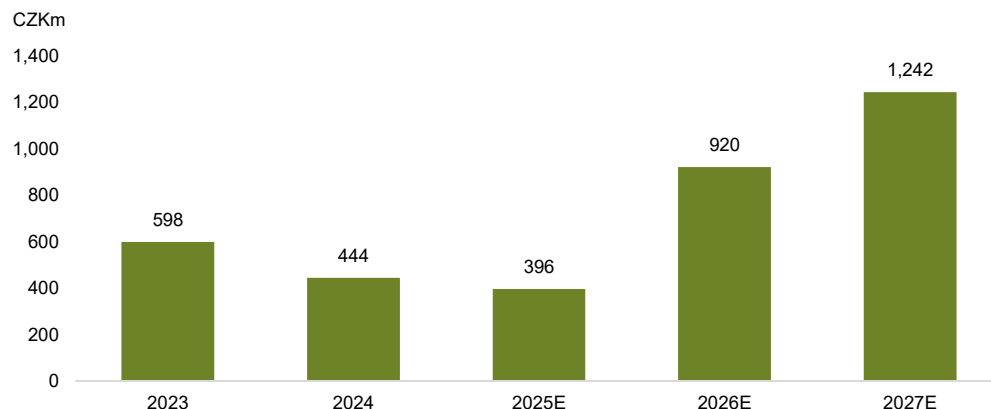
We expect better unit pricing, based on management's guidance. Primoco's standard contract for one UAV plus components and services is valued at EUR 1.1m, based on the company's guidance. Looking at its closest competitors, both fixed-wing and tactical, Primoco claims that its product is cheaper vs. its peer group.

From simply dividing the revenues from the company's financials by the number of drones delivered, we get a unit price of EUR 0.7-0.8m. We note, however, that each contract is different, and the value may

vary, depending on the number of sensors in the payload, additional services, or a large contract for 10+ UAVs, which could be offered at a discount. For modelling purposes, we forecast the unit prices at EUR 0.9-1.0m in 2025-27E (CZK 22-25m).

We assume a 3Y revenue CAGR of 41%. On the back of the aforementioned assumptions, we estimate that Primoco could deliver a 41% revenue CAGR over the next three years. In 2025E, we forecast revenues of CZK 396m (-11% yoy), as the company expects to deliver just 18 UAVs, but this could increase to CZK 920m in 2026E and to CZK 1,242m in 2027E, on the back of new tender wins.

Revenue evolution



Source: Company data, WOOD Research

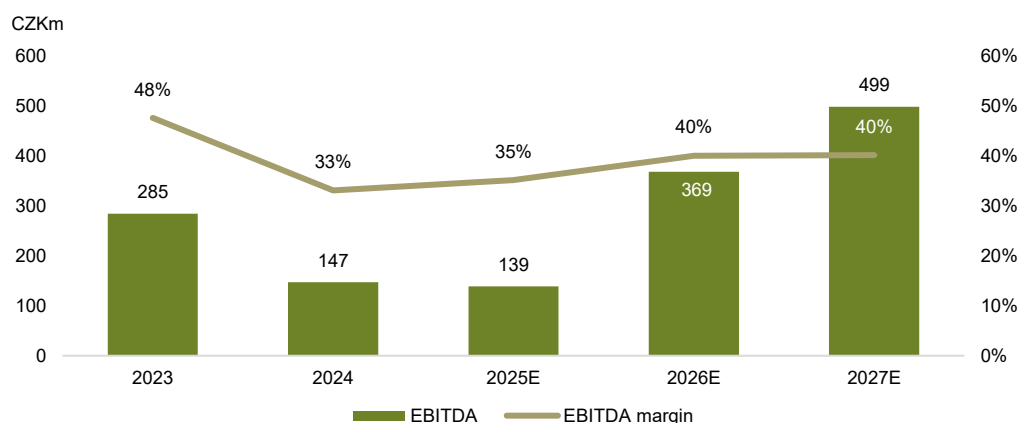
Strong EBITDA margins of c.40% in 2026-27E

EBITDA margins above its listed peers. In 2023-24, Primoco was able to generate EBITDA margins of 48% and 33%. Compared to its listed peers, this is 2-3x higher, on average. We note, however, that UAV production only represents part of the operations of its listed peers.

We pencil in a 50% 3Y EBITDA CAGR. We expect these growth dynamics on the back of the 41% three-year revenue CAGR, and a margin improvement from 33% in 2024 to 40% in 2027E. We note that management's EBITDA margin guidance is 40-50%, as it would like to increase its contract pricing. We are more conservative, however, and are at the lower end of guidance range. With a higher number of drones delivered, Primoco could benefit from economies of scale. Management estimates that its current workforce could produce c.50 UAVs p.a. We have accounted for this effect in our forecasts from 2026E-onwards.

Key costs: materials, energy and personnel. The largest components of Primoco UAV's costs are materials and energy, accounting for 49% of revenues in 2024. This is followed by personnel expenses, accounting for 12% of the revenues in 2024.

EBITDA evolution



Source: Company data, WOOD Research

We estimate EBITDA/drone delivered to reach CZK 10m in 2027E. In 2023, the company was able to achieve EBITDA of CZK 8.6m/drone delivered, at an EBITDA margin of 48%. In 2024, the

EBITDA/drone delivered fell by 29%, to CZK 6.1m. Even assuming a conservative 40% EBITDA margin for 2026-27E, at the bottom of management's guidance range, we calculate the EBITDA/drone delivered at CZK 9.2m in 2026E and CZK 10.0m in 2027E, above the 2023 result, which was, previously, the best in the company's history. This is driven by our expectation of higher unit pricing, which we base on management's guidance.

EBITDA/drone delivered to reach CZK 10m in 2027E

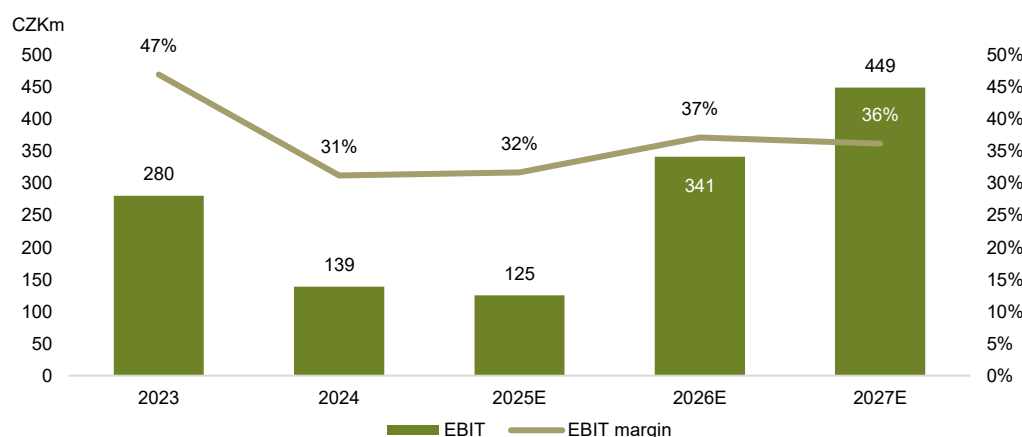
CZK m	2023	2024	2025E	2026E	2027E
EBITDA	285	147	139	369	499
yoy		-48%	-5%	165%	35%
EBITDA margin	48%	33%	35%	40%	40%
EBITDA per drone delivered	8.6	6.1	7.7	9.2	10.0
yoy		-29%	26%	19%	8%

Source: Company data, WOOD Research

EBIT margin to improve from 31% in 2024 to 36% in 2027E

We expect the EBIT to post a 2024-27E CAGR of 48%. We base our D&A estimates for Primoco UAV on the company's capex guidance. We forecast the D&A charges to increase from CZK 9m in 2024 to CZK 14m in 2025E, CZK 28m in 2026E and CZK 50m in 2027E. We estimate the depreciation and amortisation separately in our forecasts. Overall, we forecast Primoco UAV's EBIT at CZK 125m in 2025E, -10% yoy; CZK 341m in 2026E, +2.7x yoy, on higher revenue growth and an improving EBITDA margin; and CZK 449m in 2027E, +32% yoy.

EBIT evolution



Source: Company data, WOOD Research

Net profit to post a 43% CAGR until FY27E

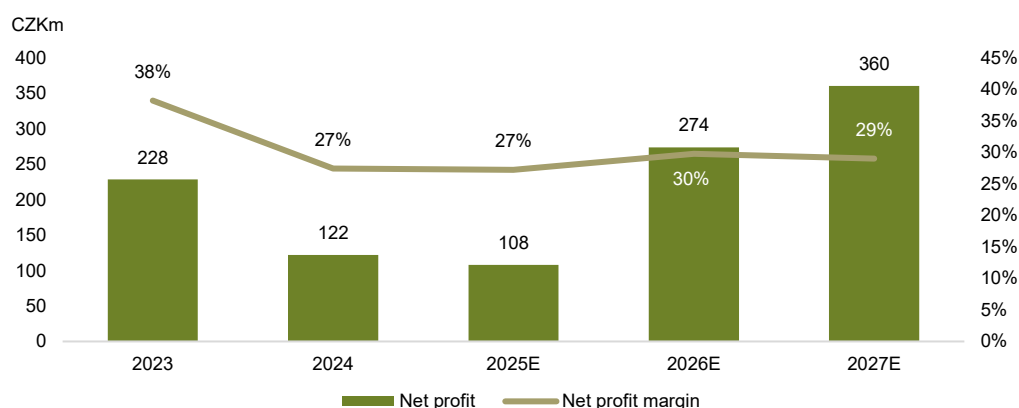
We expect a 2024-27E net profit CAGR of 43%. The company generates net financial income as a result of its net cash position and lack of debt. In 2025E, we expect it to earn 7% interest on its cash, falling to 5% in 2026E and 4% in 2027E. It is debt free, and we do not expect it to take on new debt over our explicit forecast horizon, even with the investment for its new production hall, which should be funded via its operating cash flow, on our estimates. Therefore we pencil in CZK 5m in interest expenses for 2025-27E. We expect the effective tax rate at 21%, in line with the previous year.

Net profit forecasts

CZK m	2023	2024	2025E	2026E	2027E
EBIT	280.4	138.7	125.4	341.3	449.1
Financial costs	-23.3	-3.9	-5.0	-5.0	-5.0
Financial income	16.5	19.9	16.2	10.5	12.1
Profit before tax	273.5	154.6	136.5	346.7	456.2
Income tax expense	-45.1	-32.5	-28.7	-72.8	-95.8
Net profit	228.5	122.1	107.9	273.9	360.4

Source: Company data, WOOD Research

Net profit evolution



Source: Company data, WOOD Research

We expect total capex of CZK 0.7bn between 2025E and 2027E

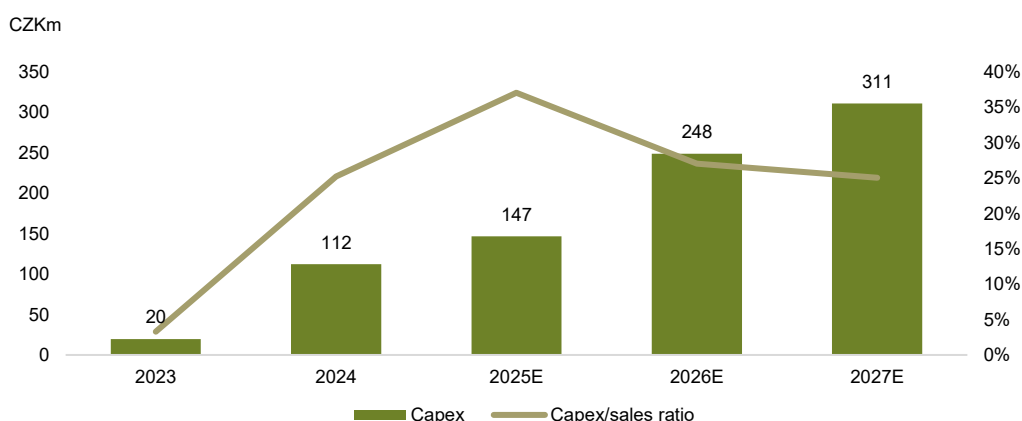
New production hall investment at CZK 0.5bn. We like the company's capital asset light model, with maintenance capex of around CZK 10-20m historically. In 2024, however, Primoco bought a land plot worth CZK 90m for its new planned production facility, close to its airfield in Písek-Krašovice. It estimates the capex for the new production facility at CZK 0.5bn. The majority of the capex should be spent during 2026-27E. In our forecasts, we pencil in CZK 550m, c.10% higher than the company's estimate.

The new factory should allow substantial volume growth. Primoco believes that it can produce c.250 UAVs p.a. at its new planned facility, 5x more than its current production capacity, and 10x higher than the average annual volumes sold and delivered over the past three years. The company intends to move its entire production to the new facility in 2028E. Management expects rising demand for its products, on the back of the NATO STANAG 4703 certification and overall ISR UAV demand. That said, we highlight that, even if Primoco doubles its volumes from the recent run-rate, the existing facility would still be sufficient. If demand and the magnitude of new orders fail to live up to expectations, the utilisation of the new factory could underwhelm expectations, diluting the ROI.

We estimate the capex for its airfield at CZK 50m. The company is modernising its airfield in Písek-Krašovice, for which it estimates capex of CZK 50m. Based on the company's guidance, this should be spent in equal monthly instalments of CZK 8m, from November 2025 until April 2026.

Maintenance and other capex at a cumulative c.CZK 100m during 2025-27E. With the ramp-up in production in 2026-27E, we pencil in maintenance and other capex of c.CZK 40m p.a. and CZK 20m for 2025E.

Total capex of CZK 0.7bn between 2025E and 2027E

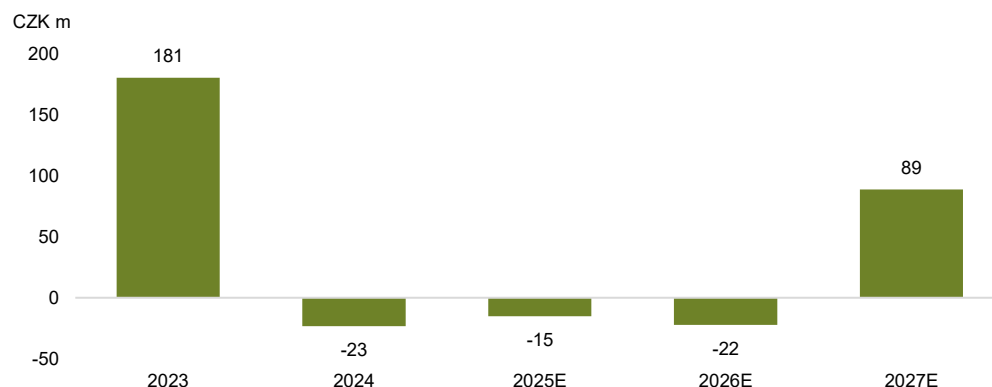


Source: Company data, WOOD Research

Negative FCFF in 2025-26E, but this could turn positive in 2027E, on our estimates. The company enjoys high EBITDA margins, with an OCF/EBITDA conversion ratio of 83% in 2023, before the capex cycle. In 2023-24, Primoco had a positive net working capital change (cash outflow) of -CZK 34m, on average. We note that it receives 50% of the contracted amount after an agreement is signed, and

usually delivers the UAVs within up to a year after signing. Therefore, we assume a cash outflow in working capital on higher inventories, as a result of increased production, and to hold a range of spare parts for servicing. We estimate the working capital at -CZK 19m, on average, from 2025-27E. Higher investments, compared to 2023-24, drive our 2025-26E FCFF estimates of -CZK 15m and -CZK 22m in 2026E. We expect positive FCFF in 2027E, at CZK 89m. We highlight that this is a function of our optimistic assumption of 50 UAVs delivered during that year, at higher margins and unit pricing than we have been seeing recently.

Negative FCFF in 2025-26E, then possibly turning positive in 2027E

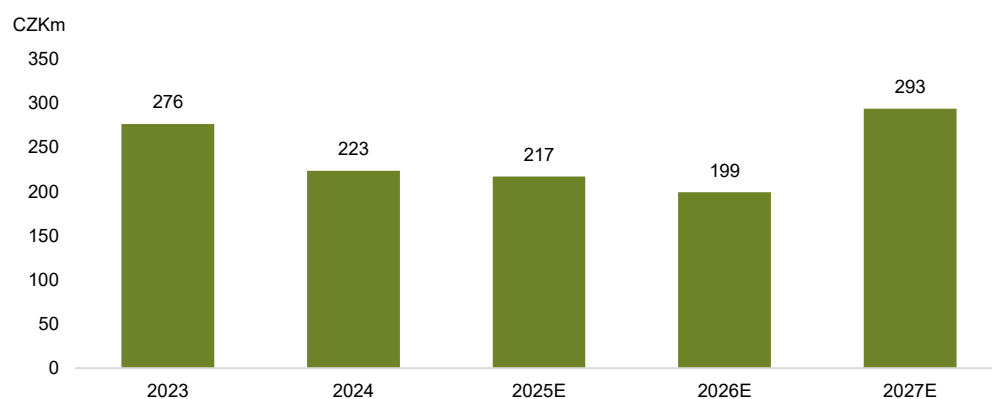


Source: Company data, WOOD Research

Net cash on the balance sheet

Primoco UAV is fully equity financed. Even with the investment in its new production facility, the company should be financially self-sufficient, on our estimates, generating small negative FCFFs over 2025-26E, but turning positive from 2027E-onwards. As a result, we do not forecast Primoco taking on any debt, going forward. Over 2023-24, the company averaged around CZK 254m in cash and cash equivalents, while we expect CZK 224m of cash in 2025E, down 3% yoy. The company also has c.CZK 7m in leasing liabilities.

Net cash position



Source: Company data, WOOD Research

Valuation: HOLD, 12M PT at CZK 1,099/share

We set our 12-month price target (PT) for Primoco UAV at CZK 1,099/share, assigning an 80% weight to our DCF-driven value (a 12M PT of CZK 1,113) and a 20% weight to our peer valuation (a 12M PT of CZK 1,041). Offering 10% upside, this yields a HOLD rating. Primoco UAV is trading at c.44-17x P/Es and 32-12x EV/EBITDAs for 2025-26E, on our estimates.

Valuation summary

Method	Weight	PT (CZK)
DCF	80%	1,113
Peer valuation	20%	1,041
Weighted average PT		1,099
Current price		1,000
Potential upside		10%

Source: WOOD Research

DCF: CZK 1,113/share

Our DCF model yields a 12M PT of CZK 1,113/share, offering 11% upside to the current price. We apply a 15% discount to the 12M PT, to account for Primoco UAV's small size (market cap of EUR 195m) and low liquidity (3M ADTV of EUR 112k).

The key assumptions in our DCF model include:

- ✓ A risk free rate of 4.5%.
- ✓ An equity risk premium of 4.5%.
- ✓ An unlevered beta of 1.5x.
- ✓ A capital structure of 0% debt to total capital, as we do not anticipate the leverage increasing, based on the development plan reflected in our forecasts.
- ✓ A terminal growth rate of 2.5%.
- ✓ 80 drones delivered in 2029E, rising to 97 at the terminal value.

DCF: 12M PT at CZK 1,113/share

CZKm	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues	396	920	1,242	1,254	2,027	2,175	2,326	2,428	2,531	2,583
Growth		132%	35%	1%	62%	7%	7%	4%	4%	2%
EBIT	125	341	449	442	745	781	839	874	910	921
Tax rate	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
NOPLAT	99	270	355	349	588	617	663	691	719	728
Depreciation	14	28	50	63	81	87	93	97	101	103
Capex	-147	-248	-311	-88	-101	-98	-105	-109	-114	-116
WC change	18	-71	-5	2	-40	-13	-13	-9	-9	-5
FCFF	-15	-22	89	326	528	593	638	670	697	710
Discount factor	0.99	0.89	0.80	0.72	0.65	0.58	0.52	0.47	0.42	0.38
PV of FCFF	-15	-20	71	234	341	345	333	314	294	269
Sum of FCFF	2,166									
Terminal value growth	2.5%									
Terminal value	8,322									
PV of terminal value	3,155									
Enterprise value	5,321									
Net cash (2024)	223									
Equity value (CZK m)	5,544									
Shares outstanding (m)	4.7									
12M PT (CZK)	1,310									
12M PT (CZK) with a 15% discount	1,113									
Current share price (CZK)	1,000									
Upside/(downside)	11%									
Rating	HOLD									

Source: WOOD Research

WACC calculation

	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assumptions										
Risk free rate (CZ 10Y bond yield)	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Equity risk premium (CZ)	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Beta	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Capital structure										
Debt/capital ratio (%)	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Equity/capital ratio (%)	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Cost of debt										
Marginal cost of debt	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Marginal tax rate	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Cost of debt (post-tax) (%)	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Cost of equity										
Re-levered Beta coefficient	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Equity risk premium (%)	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Risk free rate (%)	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Cost of equity (%)	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%
WACC (%)	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

Source: WOOD Research

A ± 10 UAV swing in deliveries translates into a c. $\pm 12\%$ change in Primoco's 12M PT. A key value driver in our DCF is the number of drones delivered. The model is highly sensitive to this variable, as the EBITDA margin is broadly stable, the capex should follow the company's guidance, and the working capital may see a cash outflow, with inventories rising (spares and new UAVs). We include a simple sensitivity table on the changes in deliveries vs. our forecasts, measuring the cumulative impact from 2029E through to the terminal value. On this basis, a ± 10 UAV swing in deliveries translates into roughly a $\pm 12\%$ change in our 12M PT.

Impact of changes in the number of drones delivered on our 12M DCF PT

Sensitivity table	Changes in number of drones delivered (2029E-TV)						
	-30	-20	-10	0	10	20	30
12M PT, CZK/share	704	840	977	1,113	1,250	1,387	1,523
Difference to base scenario	-37%	-25%	-12%	0%	12%	25%	37%

Source: WOOD Research

We believe the market may be pricing in roughly 90 drones delivered p.a. from 2029E-onwards. At the current share price of CZK 1,000/share, a stable EBITDA margin of 40%, capex in line with management's guidance and higher working capital, the share price reflects 40-50 drone deliveries over 2026-28E, at maximum capacity, which is still double the 2023-25E average of c.25 drones. From 2029E, the current share price reflects 90 drones delivered p.a. through to the terminal period, in line with our estimates. Using our WACC assumption of 11.2%, we reach a fair equity value per share of CZK 1,000, which is the current share price. While the company is building a new production hall, targeting up to 250 UAVs p.a., the visibility beyond 2025E remains limited (no contracts have been signed for 2026E yet), and could prove optimistic, so we view the current average delivery assumptions as fair, and do not see meaningful upside from the current share price.

Peer group valuation: CZK 1,041/share

Our comparative valuation sets a 12M PT of CZK 1,041/share for Primoco UAV, using a blended average of the 2026E P/E and EV/EBITDA, and comparing the company with a defence and aerospace peer group. Primoco is trading at c.44-17x P/Es and 32-12x EV/EBITDAs for 2025-26E, on our estimates, and at a 29% premium on the 2025E P/E and a 72% premium on the 2025E EV/EBITDA vs. its peers. Looking at 2026E, assuming the company delivers a record-high 40 UAVs, it is trading at a 38% discount on P/E and a 33% discount on EV/EBITDA. That said, we note that, if we screen Primoco against the CEE industrial and manufacturing companies under our coverage, its multiples would look stretched in comparison, as our CEE industrial peers (Doosan Skoda Power, GEVORKYAN, Budimex and Kety) trade at 9-10x 2026E EV/EBITDA, on the Bloomberg consensus.

Primoco UAV is focused solely on the production of UAVs. Unlike its peers, where UAVs represent just a portion of their operations, Primoco is dedicated solely to this segment. The most-directly comparable companies in the ISR UAV market are small, privately-owned businesses. We have tried to find the potential valuations for these companies. For Tekever, various sources claim that the valuation exceeded GBP 1bn as of May 2025. For Quantum Systems, according to Reuters, the valuation could

be around EUR 3bn, if the company raises EUR 150m in the next funding round successfully. However, we were unable to find any financial data or information on the contracts won or the number of drones delivered to be able to calculate the multiples for these privately-owned businesses.

As a result, we have selected a peer group of publicly-traded companies, which include operations related to the UAV market. We consider the P/E multiples, alongside the commonly-used EV/EBITDA multiples. Our peer group includes defence contractors and aircraft manufacturers, among others. Based on the Bloomberg consensus, Primoco's peers are trading at median P/Es of 33.9x/27.6x and EV/EBITDAs of 18.8x/18.4x for 2025-26E. Many of the companies we include in our peer group are either huge defence contractors, or global OEMs, like Airbus or Boeing. We recognise that this is not an ideal comparison, as expecting a small Czech company to trade in line with its larger peers is ambitious.

Peers' valuation summary

Method	12M PT (CZK/share)	Weight
EV/EBITDA	1,007	50%
P/E	1,074	50%
Weighted average	1,041	
Upside/(downside)	4%	

Source: WOOD Research

Valuation multiples for selected peers

Company	Mcap EURm	3M ADTV EURm	P/E (x)			EV/EBITDA (x)			Dividend yield (%)			FCFF yield (%)		
			2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Primoco UAV	195.0	0.1	43.7	17.2	13.1	32.3	12.2	8.9	n/a	n/a	n/a	-0.3	-0.5	2.0
AeroVironment	12,023	287.7	n/m	n/m	74.8	n/m	37.3	30.7	n/a	n/a	n/a	-0.7	1.5	1.5
Korea Aerospace Inds.	6,340	59.1	47.7	29.6	21.4	27.4	19.6	15.7	0.5	0.8	1.0	3.1	0.9	2.2
Airbus	162,299	171.3	31.3	25.7	21.4	15.2	13.0	11.0	1.4	1.6	1.9	2.7	3.5	4.1
Boeing	122,764	1,465.6	n/m	82.5	30.9	n/m	24.8	15.9	0.0	0.0	0.2	-1.8	1.7	5.0
Elbit Systems	18,703	46.2	41.2	33.2	28.8	23.3	18.4	15.0	0.5	0.7	0.8	2.1	2.4	2.7
Rheinmetall	68,797	407.1	55.5	36.7	24.7	28.2	20.0	13.8	0.7	1.1	1.7	1.5	1.8	2.6
Lockheed Martin	90,908	551.5	20.2	15.7	15.0	13.3	11.3	10.9	2.9	3.1	3.3	6.3	5.9	6.4
Leonardo	26,346	152.0	23.9	19.7	17.2	11.7	9.9	8.8	1.2	1.3	1.5	3.8	4.2	4.8
Aselsan	17,069	123.1	33.9	20.4	13.4	18.8	13.3	8.4	0.2	0.3	0.5	-1.6	-1.0	1.6
Median			33.9	27.6	21.4	18.8	18.4	13.8	0.6	1.0	1.2	2.1	1.8	2.7
Average			36.2	32.9	27.5	19.7	18.6	14.4	0.9	1.1	1.4	1.7	2.3	3.4
Prem./(disc.) to median			29%	-38%	-39%	72%	-33%	-36%	n/m	n/m	n/m	n/m	n/m	33%
Prem./(disc.) to average			20%	-48%	-52%	64%	-34%	-39%	n/m	n/m	n/m	n/m	n/m	70%

Source: Bloomberg, WOOD Research

Peer ratios

Company	2024-27E CAGRs			Revenue growth (yoy)				EBITDA margin			
	REVs	EBITDA	Net	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
AeroVironment	49%	59%	44%	9%	105%	36%	19%	15%	16%	18%	18%
Korea Aerospace Inds.	21%	31%	43%	-5%	5%	39%	22%	9%	11%	12%	12%
Airbus	11%	17%	24%	6%	9%	12%	11%	12%	13%	13%	14%
Boeing	18%	n/m	n/m	-14%	32%	11%	12%	-15%	-2%	7%	9%
Elbit Systems	12%	26%	24%	14%	16%	11%	9%	10%	12%	13%	15%
Rheinmetall	32%	45%	57%	36%	27%	34%	36%	17%	20%	21%	22%
Lockheed Martin	4%	10%	2%	5%	5%	4%	4%	12%	12%	14%	14%
Leonardo	8%	12%	13%	16%	8%	8%	7%	12%	13%	14%	14%
Aselsan	51%	50%	60%	63%	46%	41%	66%	25%	26%	26%	25%
Median	18%	28%	34%	9%	16%	12%	12%	12%	13%	14%	14%
Average	23%	31%	33%	14%	28%	22%	21%	11%	13%	15%	16%
Primoco UAV	41%	50%	43%	-26%	-11%	132%	35%	33%	35%	40%	40%

Source: Bloomberg, WOOD Research

For our EV/EBITDA valuation, we use the 2026E Bloomberg consensus EV/EBITDA for our selected peer group. The peers' median multiple is 18.4x for 2026E. We apply a 40% discount to this because of the company's small size (market cap of EUR 195m) and low liquidity (3M ADTV of EUR 112k). Also, our peer group is comprised of companies that have decades of operations and produce a wider range of aerospace platforms in the manned or unmanned segments. All of these peers also have solid backlogs and new contract win track records with multiple militaries, which is not the case for Primoco currently. Using our estimate for the 2026E EBITDA and Primoco UAV's net cash, we arrive at a fair equity value of CZK 4,264m. This translates into CZK 906/share. Our 12M EV/EBITDA-based PT is CZK 1,007/share, implying 1% upside to the current price of CZK 1,000.

EV/EBITDA valuation

CZKm	2026E
Peers' multiple	18.4x
Applied discount	40%
Target multiple	11.0x
EBITDA	369
EV	4,065
Net debt	-199
Equity value	4,264
CZK/share	906
12M PT CZK/share	1,007
Upside	1%

Source: Bloomberg, WOOD Research

For our P/E valuation, we use the 2026E Bloomberg consensus P/E for our selected peer group. The peers' median multiple is 27.6x for 2026E. As with the EV/EBITDA valuation, we use a 40% discount on this figure. Using our net profit estimates, this yields an equity value of CZK 4,544m (CZK 965/share). Our 12M PT is CZK 1,074/share on this metric, implying 7% upside to the current price of CZK 1,000.

P/E valuation

CZK m	2026E
Peer's multiple	27.6x
Applied discount	40%
Target multiple	16.6x
Net profit	274
Equity value	4,544
CZK/share	965
12M PT CZK/share	1,074
Upside	7%

Source: Bloomberg, WOOD Research

Financials

P&L

CZK m	2023	2024	2025E	2026E	2027E
Revenues	597.5	444.4	396.0	920.0	1,242.0
Other operating revenues	4.9	6.8	6.1	14.1	19.1
Changes in inventories of finished goods and work in progress	-14.1	25.2	0.0	0.0	0.0
Raw materials and energy consumption	-232.1	-219.3	-158.4	-377.2	-509.2
Employee benefits expenses	-37.7	-53.5	-55.9	-77.7	-104.0
Cost of services and repairs and maintenance	-32.4	-55.9	-39.6	-92.0	-124.2
Other operating expenses	-1.4	-0.6	-9.0	-18.4	-24.8
EBITDA	284.7	147.2	139.2	368.9	498.8
Depreciation and amortisation	-4.3	-8.5	-13.9	-27.6	-49.7
EBIT	280.4	138.7	125.4	341.3	449.1
Financial costs	-23.3	-3.9	-5.0	-5.0	-5.0
Financial income	16.5	19.9	16.2	10.5	12.1
Other income	0.0	0.0	0.0	0.0	0.0
Profit before tax	273.5	154.6	136.5	346.7	456.2
Income tax expense	-45.1	-32.5	-28.7	-72.8	-95.8
Net profit	228.5	122.1	107.9	273.9	360.4

Source: Company data, WOOD Research

Balance sheet

CZK m	2023	2024	2025E	2026E	2027E
Property, plant and equipment	42.7	144.1	273.4	487.7	740.2
Intangible assets	10.2	15.3	18.7	25.1	33.5
Right-of-use assets	1.3	7.2	7.2	7.2	7.2
Deferred tax receivables	0.6	0.2	0.2	0.2	0.2
Non-current assets	54.9	166.7	299.4	520.2	781.0
Inventories	58.9	97.6	71.6	155.0	167.4
Trade and other receivables	0.4	0.4	5.4	12.6	17.0
Other current receivables and financial assets	2.6	3.1	3.1	3.1	3.1
Cash and cash equivalents	277.6	230.6	224.1	206.2	300.7
Current assets	339.5	331.7	304.2	376.8	488.2
Total assets	394.3	498.5	603.6	897.1	1,269.2
Issued capital	4.7	4.7	4.7	4.7	4.7
Share premium	159.3	159.3	159.3	159.3	159.3
Retained earnings	179.0	301.1	408.9	682.9	1,043.3
Total equity	343.0	465.1	572.9	846.8	1,207.2
Lease liabilities	0.0	2.1	2.1	2.1	2.1
Non-current liabilities	0.0	2.1	2.1	2.1	2.1
Trade and other payables	1.2	1.5	1.1	2.6	3.5
Contract liabilities	0.0	15.3	13.0	31.0	41.9
Lease liabilities	1.4	5.2	5.2	5.2	5.2
Government grants	3.3	0.3	0.3	0.3	0.3
Income tax liabilities	45.3	8.9	8.9	8.9	8.9
Provisions	0.2	0.2	0.2	0.2	0.2
Current liabilities	51.3	31.3	28.6	48.1	59.9
Total liabilities	51.3	33.4	30.7	50.2	62.0
Total Equities and Liabilities	394.3	498.5	603.6	897.1	1,269.2

Source: Company data, WOOD Research

Cash flow statement

CZK m	2023	2024	2025E	2026E	2027E
Profit before tax	273.5	154.6	136.5	346.7	456.2
Depreciation and amortisation	4.3	8.5	13.9	27.6	49.7
Financial income	-6.6	-8.8	-16.2	-10.5	-12.1
Financial costs	0.1	0.2	5.0	5.0	5.0
Movements in provisions	0.1	0.0	0.0	0.0	0.0
Net foreign exchange differences	0.0	0.0	0.0	0.0	0.0
Gain on sale of property, plant and equipment	0.1	0.2	0.0	0.0	0.0
Other income	-2.2	-0.5	0.0	0.0	0.0
Change in trade receivables, contract assets and prepayments	0.1	0.0	-5.0	-7.2	-4.4
Change in inventories	7.4	-38.7	26.0	-83.4	-12.4
Change in trade payables, contract liabilities and other payables	-46.6	12.6	-2.7	19.5	11.8
Cash flow from operating activities	230.1	128.2	157.5	297.7	493.8
Interest received	6.6	8.8	16.2	10.5	12.1
Interest paid	-0.1	-0.2	-5.0	-5.0	-5.0
Income tax paid	-1.2	-68.5	-28.7	-72.8	-95.8
Net cash flows from operating activities	235.5	68.2	140.0	230.4	405.0
Revenue from the sale of land, buildings and equipment	0.5	0.6	0.0	0.0	0.0
Purchase of land, buildings and equipment	-14.2	-107.5	-142.1	-240.9	-301.2
Purchase of intangible assets	-6.0	-5.1	-4.4	-7.5	-9.3
Net cash flows from investing activities	-19.7	-112.0	-146.5	-248.4	-310.5
Payments of lease liabilities	-1.5	-3.2	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Net cash flow from financial activities	-1.5	-3.2	0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents	214.4	-46.9	-6.5	-18.0	94.5
Cash and cash equivalents at the beginning of the period	63.2	277.6	230.6	224.1	206.2
Cash and cash equivalents at the end of the period	277.6	230.6	224.1	206.2	300.7

Source: Company data, WOOD Research

Appendix 1: use case

1. Critical infrastructure protection

- ✓ Inspection of the technical condition of linear and critical structures, such as high-voltage lines, oil and gas pipelines, and water sources.
- ✓ Controlling the condition of the subsoil and overgrowing vegetation.
- ✓ Control and prevention of illegal activities.
- ✓ Rapid documentation of large-scale damage.

2. Communication support

- ✓ Measurement of emissions spectra.
- ✓ Providing cover for the emergency breakdowns of communication infrastructure in the event of emergencies, such as floods, fires and storms.
- ✓ Control of the status of the nodal elements of the communication network.

3. Security deployment

- ✓ Aerial monitoring of areas of interest or emergencies.
- ✓ Searching, locating and pursuing fugitives.
- ✓ Documenting criminal activities.
- ✓ Command and control of police and security operations.
- ✓ Traffic monitoring.
- ✓ Communication support for police units.

4. Emergency deployment

- ✓ Search and Rescue (SAR).
- ✓ Preventive fire monitoring.
- ✓ Air control of firefighting operations.
- ✓ Search for persons in distress.
- ✓ Operational restoration of critical communications.
- ✓ Monitoring of large-scale emergencies, such as floods, storms and avalanches.

5. Airport services

- ✓ Calibration and inspection of airport radio equipment (VOR, ILS, DME, NDB, MB, TACAN) and optical elements (VASI, PAPI).
- ✓ Inspection surveys of airports and approach routes.

6. Border and coastal protection

- ✓ Control of border and coastal zones, with overlap beyond.
- ✓ Search and monitoring of criminal activities, including drug trafficking and illegal migration.
- ✓ Remote identification of persons in the border zone.
- ✓ Airborne warning.

7. Protective deployment

- ✓ Exploration and monitoring of areas of interest.
- ✓ Artillery fire guidance and combat capability assessment.
- ✓ Pyrotechnic service support.
- ✓ Electronic warfare support.
- ✓ Drone warfare support.
- ✓ Communications support on the battlefield, confusing and distracting the opponent.

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This investment research was completed on 27/11/2025 at 13:00 CET and disseminated on 28/11/2025 at 07:30 CET.

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Date	Rating	Date	PT
28/11/2025	HOLD - initiation of coverage	28/11/2025	CZK 1,099

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AmRest	5
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Bank of Cyprus	4
Benefit Systems	1, 2, 3
BRD	5
Bucharest Stock Exchange	5
CCC	1, 2, 3, 5
CD Projekt	5
Colt CZ Group	1, 2, 3, 4, 5
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NLB Group	3, 5
Nuclearelectrica	5
OMV Petrom	5
Orange PL	5
Pekao	4, 5
PGE	5
Philip Morris CR	5
PKN Orlen	5
PKO BP	4, 5

PZU	4, 5
Romgaz	5
Santander Bank Polska	5
Siauliu Bankas	5
Shoper	3
Tauron	8
Theon International	3
Transelectrica	5
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