

COMPANY UPDATE

PROFILE SOFTWARE

Growth trajectory on track; two-tiered expansion ahead

Reiterating our Buy in light of expected LSS milestone payments step-up in H2'24 – We pinpoint H2'24 as a likely breakout period for Profile, underpinned by organic top line acceleration in financial (+11% vs. H2'23) and faster execution in LSS (inflows to reach €16m by year-end). Our forecasts appear well-supported given the strong YTD trend in financial (H1 sales +25% higher yoy) and the improving momentum in Greek state digitization as the project pipeline begins to mature. We see this driving Profile's FY'24 top line to €40.3m (+34% yoy), and EBITDA to €10.6m (+45% yoy), corresponding to an EBITDA margin of 26.4% (+2.1pps above the FY'23 figure).

>60% recurring base, LSS pipeline to drive top line expansion, c27% EBITDA CAGR through 2027e – We continue to forecast c20% revenue CAGR for Profile over 2024-27e, expecting results to be driven by SaaS transition across existing installations and organic customer base growth in financial, as well as stronger inflows from LSS as Profile executes its c€120m accumulated backlog. We note that our mid/long term sales outlook could skew to the upside with the launch of new products (e.g. the recently announced cross-compatible AI add-in for financial software, enhanced with document processing) which could prop up our estimates. That said, under our baseline case, we anticipate that top line acceleration will translate to c27% EBITDA CAGR through 2027e on higher margins (to c28-30% by 2026-27e) thanks to SaaS-related margin benefits, scale efficiencies and cross-selling, particularly in the updated BR&T line.

SaaS IT spending in secular growth, cash generation provides capital deployment optionality – Financial software is poised for sustained growth, driven by increased IT spending on SaaS among banks, as well as rising demand for scalable, AI-integrated solutions in front-office investment mgt operations. Profile is well-positioned to capitalize on these trends, bolstered by its expansive portfolio, AI-embedded offerings, and opportunities for upselling to clients. With a robust >60% recurring revenue base, solid profitability, and moderate capex needs, the model is essentially self-funded, ensuring continued R&D investment. Profile's strong fundamentals, combined with the €120m LSS backlog, are expected to drive FCF generation of >€10m p.a. and net cash of >€30m by 2027e, which would put the company in an ideal position to seize M&A opportunities, reinvest for development, or boost shareholder returns.

Valuation – We continue to value Profile using a blended methodology, combining our DCF (at 8.9% WACC) with an M&A-based component to reflect ongoing acquisition activity within the broader financial software industry. After incorporating our slightly modified 2024-25e estimates and rolling over our valuation to 2025e we arrive at an unchanged PT of €6.5, valuing PROF at c10.5x 1-yr fwd EV/EBITDA. This still places Profile at c40% discount vs. the EU IT sector, indicating potential for further upside ahead, driven by the company's dual role as both a financial software provider and a facilitator of the Greek state's digital transition effort.

Estimates					
EUR mn	2022	2023	2024e	2025e	2026e
Revenues	25.0	30.1	40.3	50.4	59.0
EBITDA	6.2	7.3	10.6	13.6	16.3
Net profit	3.3	3.9	6.4	9.1	11.7
EPS (EUR)	0.13	0.16	0.26	0.37	0.47
DPS (EUR)	0.04	0.05	0.08	0.11	0.14
Valuation					
Year to end December	2022	2023	2024e	2025e	2026e
P/E	23.6x	24.0x	19.9x	14.0x	10.9x
EV/EBITDA	11.5x	12.0x	11.0x	8.1x	6.4x
Net Cash/EBITDA	1.2x	0.8x	1.1x	1.4x	1.6x
Dividend Yield	1.3%	1.2%	1.5%	2.1%	2.7%
ROE	11.7%	12.0%	17.6%	21.1%	22.6%

Source: Eurobank Equities Research

Recommendation	BUY
Target Price	€ 6.50
Closing Price (16/12)	€5.18
Market Cap (mn)	€127.4
Expected Return	25.5%
Expected Dividend	2.1%
Expected Total Return	27.6%

Stock Data

Reuters RIC	PRFr.AT
Bloomberg Code	PROF GA
52 Week High (adj.)	€5.50
52 Week Low (adj.)	€3.93
Abs. performance (1m)	-1.0%
Abs. performance (YTD)	21.9%
Number of shares	24.6mn
Avg Daily Trading Volume (qrt)	€282k
Est. 3yr EPS CAGR	44.6%
Free Float	53%

Profile Software Share Price



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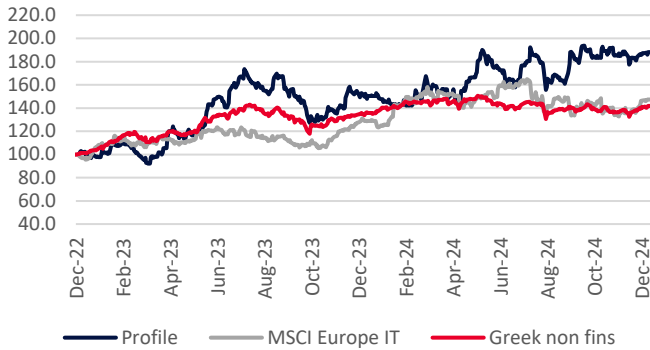
See Appendix for Analyst Certification and important disclosures.

Contents

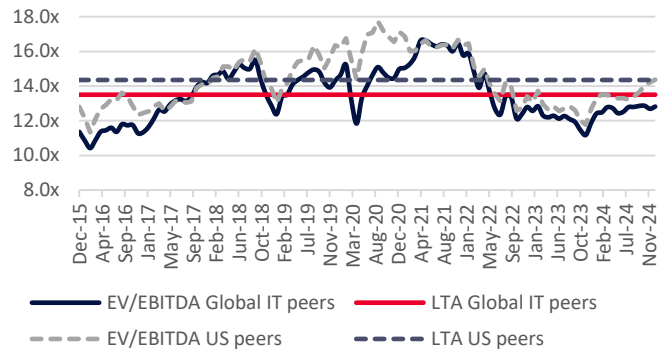
Investment case in 6 charts	2
Share performance	3
Valuation: Blended valuation yields an intrinsic value of €6.50 per share.....	5
A. Precedent transaction multiples.....	5
B. DCF-based valuation	6
Summary of estimate changes	7
Backlog indicates greater share of LSS from FY'24 onwards.....	7
Healthy leverage, cash generation to provide spending flexibility	10
H1'24 results review	11
Interim results overview.....	12
Group Financial Statements.....	13

Investment case in 6 charts

PROF stock has displayed solid 2-year momentum, outperforming GR non-fins as a leading digitization play

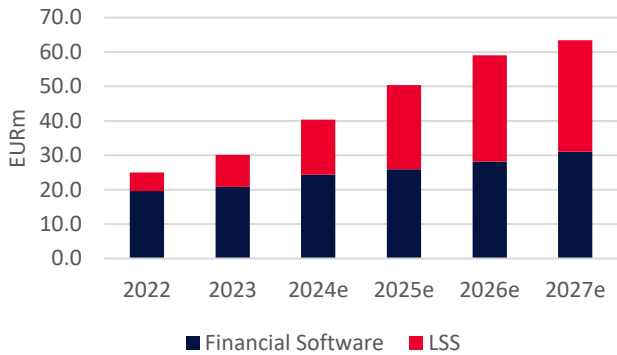


Non-US software peers have underperformed vs. their US counterparts in 2024, widening the gap in valuation

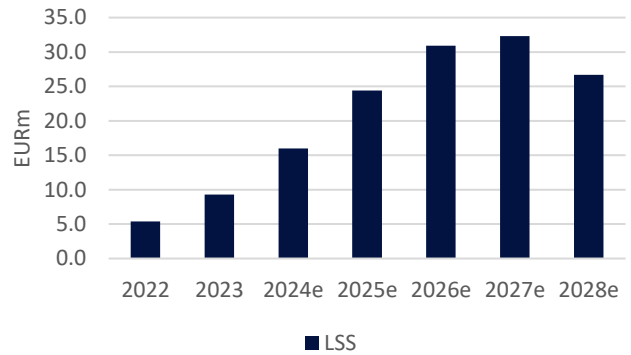


Source: Eurobank Equities Research, Bloomberg.

RRF digitization projects to drive future revenue expansion, topped up by c11% 4-yr financial software sales CAGR

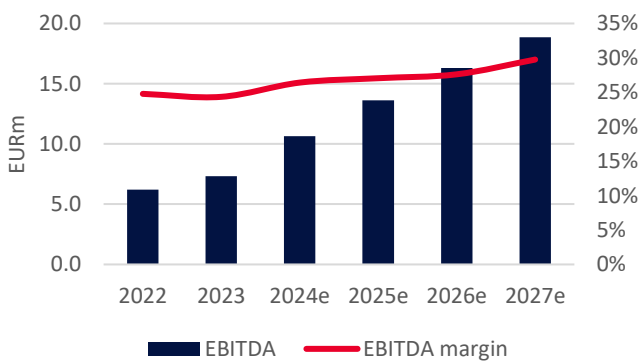


Expecting LSS execution to tick higher from 2024e onwards as the project pipeline matures

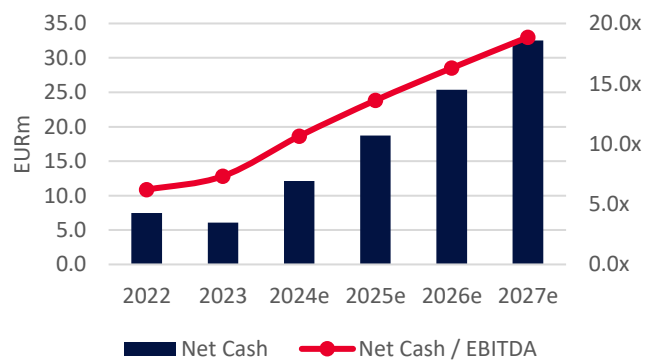


Source: Eurobank Equities Research, Company data.

Profitability to benefit from SaaS transition of existing financial software installations



Cash generation to be underpinned by LSS acceleration; excl. M&A effects, PROF could reach net cash >€30m by 2027e, we argue



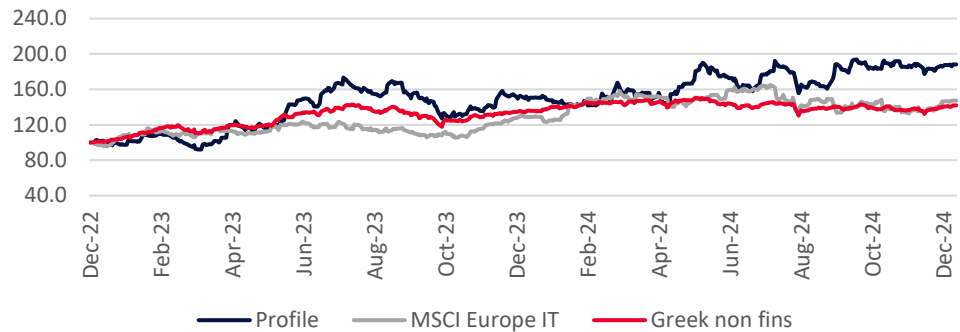
Source: Eurobank Equities Research, Company data.

Strong 2-year performance with renewed momentum following mid-2023 pause

Share performance

Profile has solidly outperformed both the MSCI Europe IT Index and Greek non-fins over the past two years. While the stock saw a sharp rally in early 2023, it entered a period of consolidation from mid-2023 through early 2024, in line with broader market trends. Despite this, PROF has regained momentum since mid-2024 (+15% since the end of June) with its price currently sitting well above late-2022 levels and comfortably outpacing sector peers. This recovery reflects robust profit growth and favorable sentiment across the Greek IT sector, particularly in stocks with exposure to the Greek state’s digitization agenda, financed through the ongoing RRF/ESPA programs.

Profile Software 2-yr performance (rebased) vs. EU IT and Greek non-fins

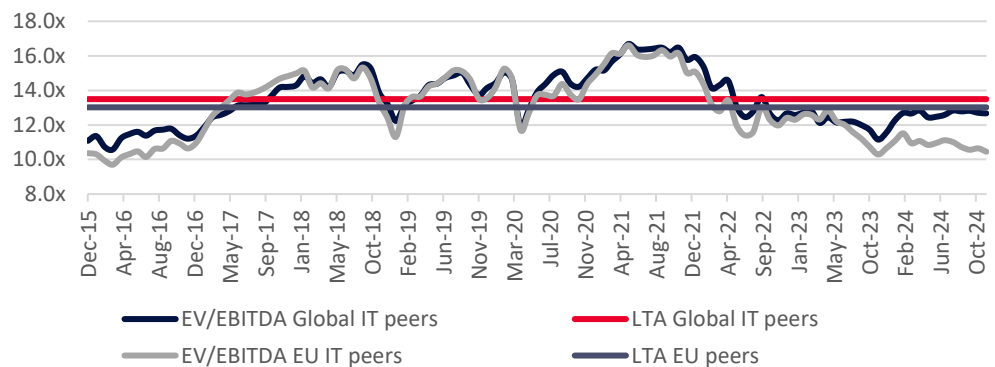


Source: Eurobank Equities Research, Bloomberg, Company data.

Sector long-term valuation at c13-14x EV/EBITDA

From a valuation standpoint, we have looked at the track record of companies with some degree of product affinity, namely financial software. In particular, we have examined the valuation history of payment processors (FIS/Fiserv), IT services companies (Tietoevry, Sword), data analytics (Wolters Kluwer), EM heritage vendors (e.g. Infosys) etc. Overall, the particular peer group has historically traded at an average of c13.0x EV/EBITDA over the past decade, with European names being valued at just a small discount. Since the tightening of monetary policy settings, peers’ valuation has retreated to the low teens, as displayed in the chart below. By comparison, the long-term valuation of the broad MSCI EU technology gauge has been near c14.0x EV/EBITDA, with the sector currently trading at c17x.

12m forward EV/EBITDA valuation – Financial Software peers



Source: Eurobank Equities Research, Bloomberg.

The stock is currently at excessive discount vs peers

The following table lays out in detail some of the valuation metrics of the broad peer group contrasting those against Profile's valuation metrics. As can be seen, the stock seems to be trading at an excessive discount vs its peers while enjoying one of the strongest balance sheets.

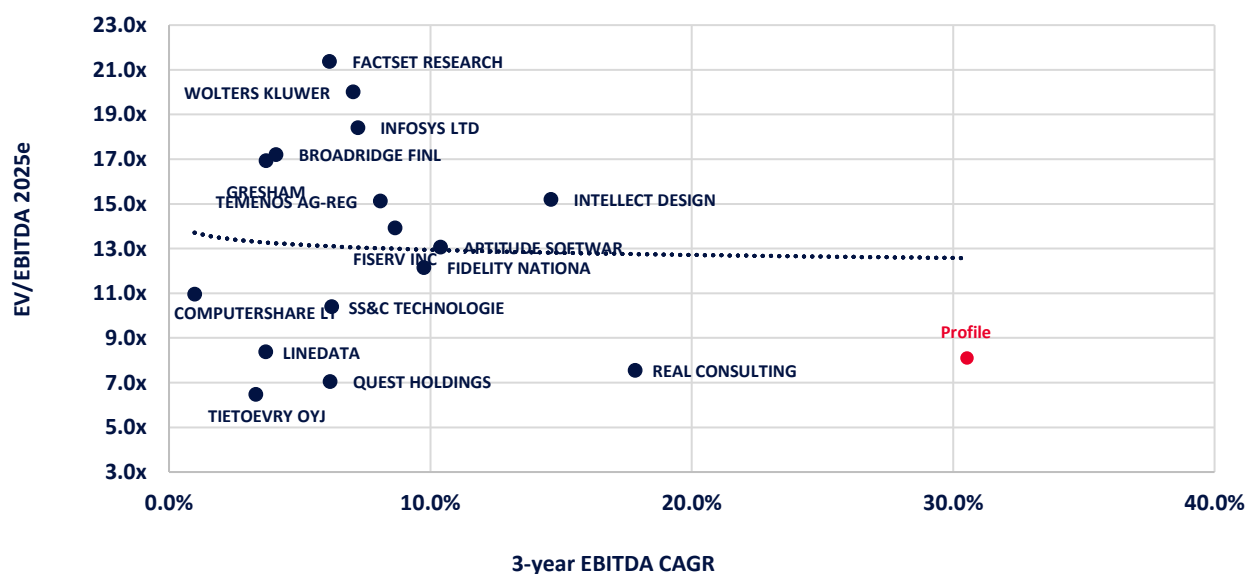
Peer group valuation								
Stock	Mkt Cap	PE		EV/EBITDA		Dividend yield		Net debt/EBITDA 1fy
		25cy	26cy	25cy	26cy	25cy	26cy	
TEMENOS AG-REG	5,246	20.3x	18.6x	15.2x	14.0x	2%	2%	1.8x
TIETOEVRV OYJ	2,005	8.3x	7.7x	6.5x	6.2x	9%	9%	2.1x
LINEDATA	412	14.7x	13.9x	8.4x	8.1x	2%	2%	1.0x
WOLTERS KLUWER	39,093	30.3x	27.6x	20.0x	18.6x	1%	2%	1.5x
APTITUDE SOFTWARE	232	23.3x	20.4x	13.6x	12.4x	2%	2%	-2.0x
ALFA FINANCA SO	777	26.2x	24.7x	17.1x	16.0x	1%	1%	0.6x
European peers		21.8x	19.5x	14.4x	13.2x	2%	2%	1.3x
SS&C TECHNOLOGIE	18,030	13.3x	12.1x	10.4x	9.9x	1%	2%	3.0x
FISERV INC	110,228	20.0x	17.1x	13.9x	12.7x	0%	0%	2.5x
FIDELITY NATIONA	42,593	14.6x	13.2x	12.1x	11.4x	2%	2%	2.4x
FACTSET RESEARCH	17,646	28.4x	26.1x	21.4x	20.0x	1%	1%	0.7x
BROADRIDGE FINL	25,825	24.7x	22.6x	17.2x	16.1x	2%	2%	1.6x
COMPUTERSHARE LT	11,752	16.2x	15.6x	11.0x	10.7x	4%	4%	0.4x
INFOSYS LTD	91,636	27.1x	24.4x	18.3x	16.6x	3%	3%	1.0x
INTELLECT DESIGN	1,314	22.8x	23.6x	15.4x	13.6x	1%	1%	-1.8x
Global peers		20.0x	17.1x	13.9x	12.7x	1%	2%	1.0x
QUEST HOLDINGS	624	11.6x	10.4x	7.2x	6.8x	4%	5%	-0.3x
REAL CONSULTING	74	11.8x	9.9x	7.5x	6.0x	2%	2%	-1.1x
Profile	127	14.0x	10.9x	8.1x	6.4x	2%	3%	-1.4x

Source: Eurobank Equities Research, Bloomberg.

Compelling relative valuation on earnings growth-adjusted metrics

Given that the range of valuation multiples may also reflect differences in companies' growth profile, we have also examined the current valuation of the broad peer group in conjunction with the 3-year profit outlook (incorporating only organic growth for Profile). As can be seen, Profile's valuation looks quite compelling taking into account it also enjoys one of the strongest growth profiles among financial software peers.

Profile & broad peer group – 2025e valuation vs. 3-yr fwd EBITDA CAGR



Source: Eurobank Equities Research, Bloomberg.

Valuation: Blended valuation yields an intrinsic value of €6.50 per share

Blended valuation methodology indicates very positive risk-reward skew

We base our valuation on Profile on a blended methodology, based on a combination of the following: 1) a 67% weighting to a DCF at 8.9% WACC, and 2) a 33% weighting on an M&A-based component, implied by prior deal activity in the sector (assuming modest size-related discount to the valuation embedded in precedent transactions). This is summarized in the table below:

Valuation			
in EURm, unless otherwise stated		Weight	Comment
DCF	€6.3	67%	8.9% WACC
M&A valuation	€7.1	33%	Small discount to precedent transactions
Blended valuation	€6.5		
Current price	€5.2		
Upside	26%		
Dividend yield	2%		
Total return	28%		

Source: Eurobank Equities Research

Precedent transactions in the software space indicate valuations near 13.5x LTM EV/EBITDA on average

A. Precedent transaction multiples

Given intense M&A activity in the broad software space in the last few years, underpinned by the sector's critical role in enabling digital transformation across various industries, we have also examined the valuation embedded in precedent transactions. This approach is not just about benchmarking but rather seeks to gauge the inherent value attributed by informed buyers under real market conditions. For software companies, this is particularly important due to the sector's unique dynamics—such as rapid innovation, scalability, and the intangible nature of its assets. These factors can significantly influence a company's value and are often reflected in the premia paid in past transactions.

In the table below, we display the valuation implicit in several deals since 2015. The range is rather wide, with richer purchase prices normally associated with the target company providing access to innovative technology, enjoying a strong client base, or offering scope for significant synergies with the acquirer. Overall, the median valuation stands near 13.5x EV/EBITDA.

Precedent transactions in the software space			
Date	Acquirer/Bidder	Target company	LTM EV/EBITDA
2024	General Atlantic/NBG	Epsilon Net	21.5x
2024	Olympia Group	Entersoft	19.2x
2021	Netcompany	Intrasoft	13.0x
2019	Kiwi Holdco CayCo Ltd	GBST Holdings Ltd	13.1x
2018	SS&C Technologies	Intralinks Holdings	11.4x
2018	State Street Technologies	Charles River	17.4x
2018	SS&C Technologies	Eze Software	13.8x
2018	ION Investment Grow	Fidessa	31.9x
2018	SS&C Technologies	DST Systems Inc	14.5x
2018	Winnipeg Participations SASU	Harvest SA	25.9x
2018	Quarantacinq SpA	CAD IT SpA	3.4x
2017	Vista Equity Partners	D+H	10.7x
2017	Temenos	Rubik Financial Ltd	14.9x
2015	FIS	SunGard	11.9x
2015	D+H	Fundtech	3.6x
2015	Envestnet Inc	Yodlee Inc	8.8x
	Median		13.5x

Source: Eurobank Equities Research, Press reports.

B. DCF-based valuation

In particular, as far as our DCF is concerned, this is meant to capture the expected high earnings growth in the coming years, given the secular tailwinds for the industry and the rich backlog related to RRF projects, as well as the long-term earnings potential of the business on a normalized basis, namely after the RRF tailwind wanes.

DCF yields a baseline value of €6.3 per share

Our DCF (rolled over to 2025e) yields a baseline price of €6.3 per share. This is predicated on the following assumptions:

- Sales CAGR of c20% over 2024-27e, driven by the digitization push and RRF project execution; we assume non-public revenue growth of 7-11% in the medium-term, namely post the RRF impulse.
- Reported EBITDA CAGR of c27% over 2024-27e, driven by the robust top line growth, implying >5pps margin expansion by 2027e (vs. 2023 levels) on positive operating leverage (especially as cloud is set to be margin-accretive). We assume a modest EBITDA debasement post 2028, c12% lower vs. peak 2028e levels, as RRF projects get exhausted. That said, we assume that the IT demand up-cycle related to Greek state digitization will continue to bring recurring revenues (especially as projects financed by EU structural funds are recurring in nature), thus resulting in Profile retaining c40% of its peak public project EBITDA over 2029-30e.
- We assume that medium-term EBITDA margins settle in the 30-31% area, higher than the pre-2022 era thanks to the positive pendulum of operating leverage. This would be in sync with the median EU software margin by 2026e.
- We use medium term FCF conversion (FCF/EBITDA) assumption of >60%, a level we consider feasible given the nature of the industry. We also assume a long-term growth rate of 1% coupled with incremental returns in perpetuity in the mid-teens.
- 8.9% WACC, which we believe captures the relative risk profile of the business vis-à-vis the rest of our coverage universe while also considering issues such as stock liquidity.

Profile Software DCF								
in EURm, unless otherwise stated	2025e	2026e	2027e	2028e	2029e	2030e	...	TV
NOPAT	9.2	11.8	13.7	13.7	11.9	12.4		13.0
Reinvestment	0.2	1.8	2.5	2.5	0.1	0.2		0.8
Unlevered Free Cash Flow	9.1	10.0	11.3	11.2	11.8	12.1	...	12.1
Sum of PV of FCF	66.8							
PV of terminal value	85.4							
Enterprise Value	152.3							
Net (debt) incl. leases / other claims	4.5							
Expected dividend	-2.7							
Equity value (ex-div)	154.1							
no. of shares	24.6							
Per share	€6.3							
12-month indicative value per share	€6.3							

Source: Eurobank Equities Research.

A basic sensitivity of our DCF-derived fair value on a combination of WACC and terminal growth rates is presented in the table below. As can be seen, flexing our WACC and perpetuity growth inputs by 0.5% and 1% respectively yields a fair value range between €5.4 and €7.5 per share, thus indicating a positively skewed risk-reward balance given the current share price level.

DCF Sensitivity of our calculated group fair value per share to the WACC and LT growth assumptions						
		WACC				
		9.9%	9.4%	8.9%	8.4%	7.9%
Terminal growth	2.0%	6.0	6.4	6.8	7.3	7.9
	1.5%	5.8	6.1	6.5	6.9	7.5
	1.0%	5.6	5.9	6.3	6.6	7.1
	0.5%	5.4	5.7	6.0	6.4	6.8
	0.0%	5.3	5.5	5.8	6.2	6.5

Source: Eurobank Equities Research.

Summary of estimate changes

We have made modest revisions to our FY'24e forecasts for Profile, reflecting a greater contribution from financial software and slightly lower inflows from LSS than we initially envisioned. Our updated FY'24 figures now call for moderately lower top line (to €40.3m) and EBITDA (to €10.6m) at group level, indicating an EBITDA margin of c26.4% (+20bps above our prior estimate, mostly thanks to mix effects). Looking ahead, we have kept our 2025e and 2026e forecasts mostly intact, in line with our prior expectations for recurring financial software contract revenues and LSS milestone inflows.

Profile Software Estimate changes			
in EURm, unless otherwise stated	2024e	2025e	2026e
New			
Revenue	40.3	50.4	59.0
EBITDA	10.6	13.6	16.3
Net profit	6.4	9.1	11.7
Previous			
Revenue	41.5	50.6	59.2
EBITDA	10.9	13.6	16.2
Net profit	6.4	9.1	11.7
% change			
Revenue	-3%	0%	0%
EBITDA	-2%	0%	0%
Net profit	-1%	0%	0%

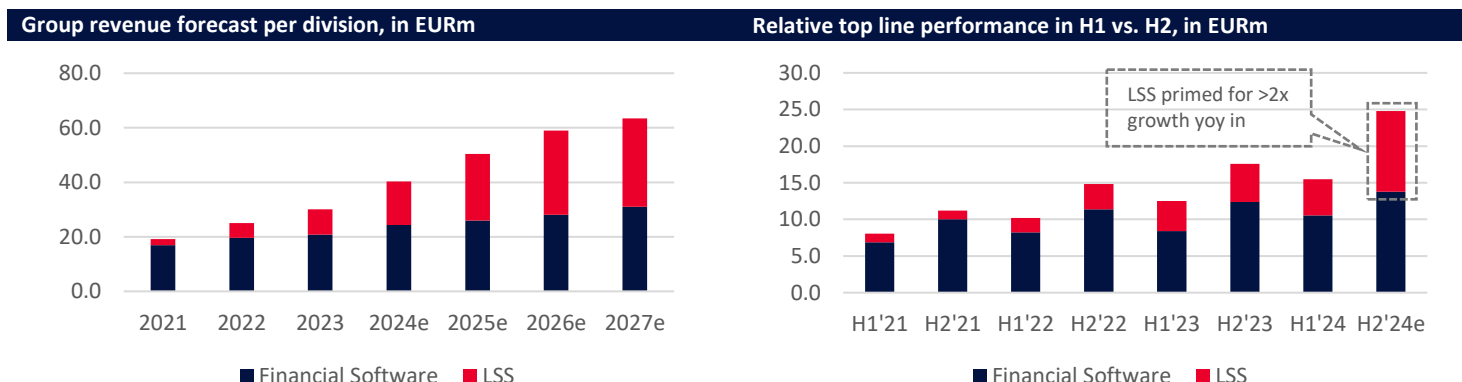
Source: Eurobank Equities Research.

Backlog indicates greater share of LSS from FY'24 onwards

We expect 2024 to be characterized by backloaded revenue growth, with H2 being mostly propelled by LSS milestone payments, after an H1 being driven mostly by financial software. Following on from 2024e, we have kept our estimates for financial software sales largely unchanged, expecting the segment to deliver c11% CAGR in 2024-27e. We expect that the combination of SaaS upselling and new contracts from the updated BR&T offering will largely offset the dilutive effect of LSS on margins, driving EBITDA margin c5pps higher by 2027e.

Expecting breakout for LSS milestone payments in H2'24

We highlight that LSS revenues have primarily been accrued in H2 in previous years, given that most milestone payments from the Greek state are typically made in Q4. We expect that this year will follow a similar trend, a view supported by mgt commentary on milestone payment scheduling. More importantly, our forecasts suggest H2'24 is likely to be a breakout period for fees generated from LSS, with stronger performance predicated on higher caliber execution and the progression of secured contracts to more mature phases.



Source: Eurobank Equities Research, Company data.

Envisaging c11% 4-yr revenue CAGR for financial software

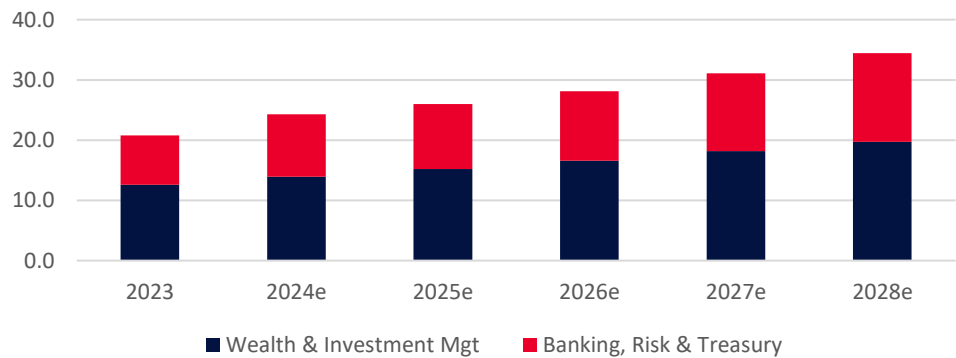
Delving deeper into the growth components, our updated estimates call for financial software revenue CAGR of c11% over 2024-27e, predicated on:

- **W&IM:** c10% revenue CAGR through to 2027e, on modest contract base growth as demand for front office automation and outsourcing of non-core activities persists across investment firms in Western Europe and the Nordics,
- **BR&T:** c12% revenue CAGR in 2024-27e, expecting robust volume growth and stronger pricing/mix effects from the recent Finuevo overhaul and the upselling of BR&T SaaS products to existing clients. We see continuing momentum for banking and treasury software in the years ahead as EU and MEA banks look to update their core and digital banking platforms and transition to SaaS-based solutions for greater cost flexibility.

Recurring financial software contracts secure revenues for the short/medium term

We emphasize that the majority of revenues from financial software are recurring and given the long-term nature and high client retention rates of Profile’s active contracts, in a sense these revenues are effectively secured for the short/medium term. Considering the ongoing wave of investment in financial software among investment managers and financial institutions, as well as Profile’s regular upgrades across its product portfolio, we believe the company is well-positioned to continue bolstering the contract base with new clients in the years ahead.

Financial software sales per product line, in EURm

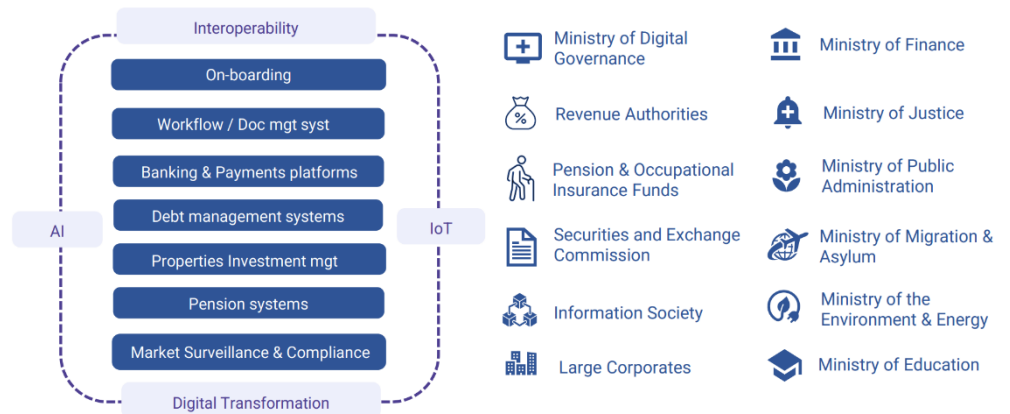


Source: Eurobank Equities Research, Company data.

LSS project execution to provide medium/long-term boost to group numbers

Considering LSS milestone payments in H1’24 and our estimates for project execution in H2’24, we place the backlog of contracted and future digitization revenues at c€120m for FY’24, which we expect to be gradually delivered through the medium/long term. We underline that Profile remains active in Greek state tenders and, given its track record in securing value-adding bids, we believe it has potential to expand on the existing backlog with additional awards until the end of the RRF and ESPA digitization funding cycles (in 2026 and 2028, respectively).

LSS project pipeline composition



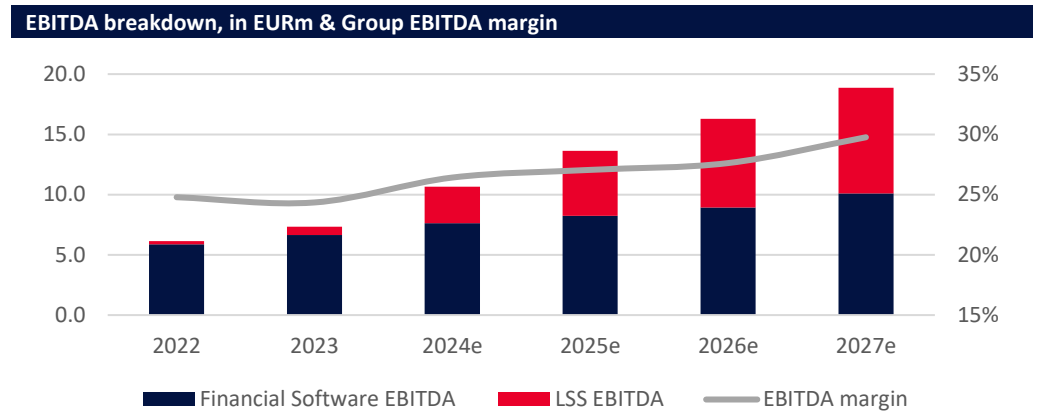
Source: Company data.

We caveat that the recent uptick in LSS revenues has created a natural dilutive effect on margins, as these projects typically carry lower margins vis-à-vis those of financial software. That said, we continue to incorporate modest margin accretion in our estimates going forward, even while factoring in the robust delivery expected for LSS over the medium-term, given our expectations for:

- A healthier financial software mix as upselling SaaS to existing license & maintenance contracts gains traction.
- New contracts with higher margins in Banking, Risk and Treasury resulting from the recent software overhaul.
- Improved terms on Greek state contracts as the govt digitization agenda advances and projects increase in complexity.
- Subsiding wage inflation in the Greek software developer market.

Financial software margin expansion to drive c27% EBITDA CAGR over 2024-27e

Our updated numbers factor in c27% EBITDA CAGR for Profile over 2024-27e, as scale effects from contract base expansion begin to feed in and SaaS transition efforts drive improvements in mix/pricing. We see this filtering through to c5pps EBITDA margin expansion over the 4-year horizon, building up to c29.8% by end-2027e.

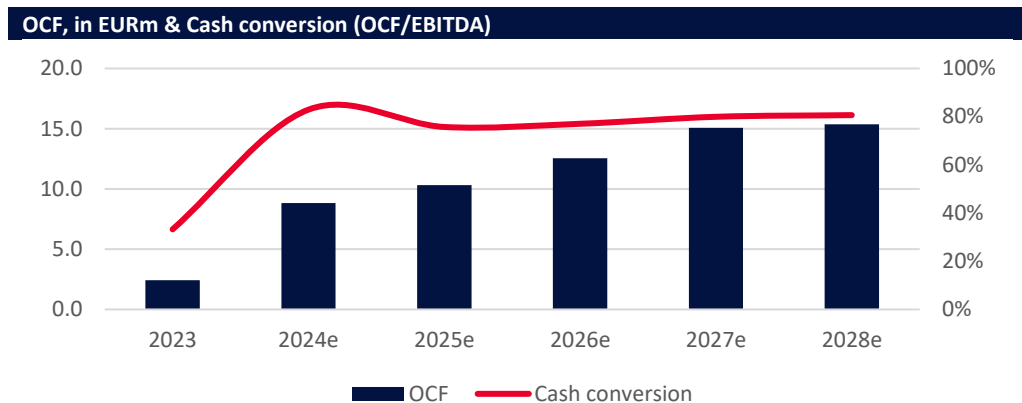


Source: Eurobank Equities Research, Company data.

Healthy leverage, cash generation to provide spending flexibility

Cash-generative model to sustain conversion rates through the mid-term

Our expectation for solid contract base expansion in financial software, combined with the >60% annual recurring base and the fact that most awarded LSS projects are linked to RRF funding – typically associated with better-structured milestone payments – leads us to believe there will be minimal longer-term strain from receivables going forward. Assuming some working capital investment for growth, we estimate cash conversion rates of c75-80% at group level through 2027e.



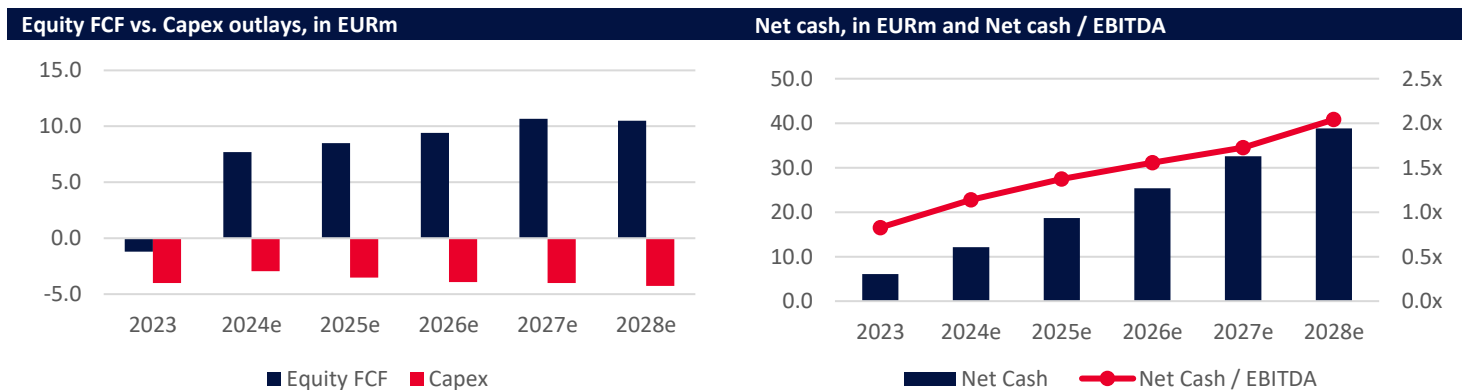
Source: Eurobank Equities Research, Company data.

We expect spending on software to continue, though not at the same rate as in the preceding years, modeling capex investment in the €3-4m range annually through the medium term. Given the recently completed investments which resulted in new product launches in BR&T (Finuevo) and W&IM (enhancing Axia/Centevo with AI capabilities), we view this level of future investment as sufficient for the company to keep up with market developments.

FCF to exceed €10m p.a. by 2027e thanks to high ARR base, margin expansion

Our expectations for robust FCF generation in the coming years, which we now anticipate will exceed €10m p.a. by 2027e, are predicated on 1) the high recurring base provided by financial software, 2) the c5pps EBITDA margin accretion expected over the 4-yr horizon, and the strong revenue visibility afforded by the sizeable LSS project backlog.

Assuming no effects from M&A, we expect the combination of stronger FCF generation from the underlying momentum in fundamentals and milder capex investment as Profile exits the significant >€11m R&D program it carried out in the past 3 years, to drive the group’s net cash base to >€30m by 2027e. This would provide Profile with significant flexibility in capital deployment, allowing the group to either reinvest internally for product development, look for potential accretive transactions in the fintech space, or beef up distributions to shareholders.



Source: Eurobank Equities Research, Company data.

H1'24 results review

Profile announced a robust set of H1 results, in line with our expectations, with EBITDA +29% yoy (at €4m, vs. Ee €3.7m) on +24% higher revenue yoy (€15.5m, Ee €14.7m) implying c1pp higher EBITDA margin yoy. Results were driven by stronger financial software top line (+€2.1m yoy) and greater inflows from Greek state projects (+€0.9m yoy). Strong operating performance translated to H1'24 PBT of €3m (from €1.9m a year ago) and H1'24 net profit of €2.5m (+71% yoy).

Group revenue reached €15.5m (+24% yoy) bolstered by impressive growth in financial software (at €10.5m, +25% yoy) and a step up in Greek state digitization projects (€5m in H1'24, +21% yoy). Within the former, investment management software (Axia, Centevo) remained the primary focus in terms of mix, while banking, risk, and treasury software (Finuevo, RegiStar) also gained momentum, benefiting from new contracts secured following recent updates to these product lines. In the press release announcing the results, management noted that all ongoing Greek state projects are on track for completion within their expected timelines and that the replenishment rate of digitization projects so far in 2024 has been in line with initial expectations.

On the profitability front, group EBITDA came in at €4m (up +29% yoy) on c1pp higher margins vs. H1'23. This jump in performance was underpinned by stronger-than-anticipated financial software revenues and greater mix contributions from SaaS-based software products. Greater operating momentum combined with the limited debt profile drove H1'24 PBT to €3m (+61% yoy) and H1'24 net profit to €2.5m (+71% yoy).

On the cash flow front, stronger profitability led OCF to reach €2m in H1'24 (up +€1m yoy), while capex was flattish at €2.1m (vs. €1.8m in H1'23). Group net cash shaped at €5.2m for H1'24, compared to €6.1m in FY'23.

Profile Software H1'24 results overview			
in EURm, unless otherwise stated	H1'23	H1'24	%yoy
Revenue	12.5	15.5	24%
of which:			
Financial Software	8.4	10.5	25%
LSS	4.1	5.0	21%
Gross profit - reported	5.9	7.3	24%
<i>Gross margin</i>	47.4%	47.3%	-13 bps
EBITDA	3.1	4.0	29%
<i>EBITDA margin</i>	24.8%	25.8%	97 bps
PBT	1.9	3.0	61%
- Tax	-0.4	-0.5	22%
Net profit	1.5	2.5	71%
Operating Cash Flow	1.0	2.0	
Capex	-1.8	-2.1	
Net cash (debt) excl. leases	8.0	5.2	

Source: Eurobank Equities Research, Company data.

Interim results overview

Profile Software Interim results in EURm, unless otherwise stated	H1'22	H2'22	FY'22	H1'23	H2'23	FY'23	H1'24	H2'24e	FY'24e
Revenue	10.2	14.9	25.0	12.5	17.6	30.1	15.5	24.8	40.3
<i>% yoy growth</i>				22.9%	18.4%	20.2%	23.9%	41.1%	33.9%
Financial Software	8.2	11.4	19.6	8.4	12.4	20.8	10.5	13.8	24.3
<i>% yoy growth</i>				2.2%	8.9%	6.1%	25.1%	11.3%	16.9%
LSS	1.9	3.5	5.4	4.1	5.2	9.3	5.0	11.0	16.0
<i>% yoy growth</i>				110.4%	50.8%	72.2%	21.5%	111.7%	72.0%
Gross profit	4.7	7.0	11.7	5.9	8.6	14.6	7.3	13.1	20.4
<i>Gross margin</i>	46.2%	47.3%	46.8%	47.4%	49.2%	48.4%	47.3%	52.7%	50.6%
EBITDA	2.6	3.6	6.2	3.1	4.2	7.3	4.0	6.6	10.6
<i>EBITDA margin</i>	26.0%	23.9%	24.8%	24.8%	24.0%	24.3%	25.8%	26.8%	26.4%
EBIT	1.6	2.5	4.2	2.1	3.3	5.4	3.1	5.2	8.3
PBT	1.5	2.4	3.8	1.9	3.3	5.1	3.0	5.1	8.1
Net profit (post-NCI)	1.0	2.2	3.3	1.5	2.4	3.9	2.5	3.8	6.4
Operating Cash Flow	0.6	2.1	2.8	1.0	1.4	2.4	2.0	6.8	8.8
Capex	-1.1	-3.2	-4.4	-1.8	-2.2	-4.0	-2.1	-0.8	-2.9
Net cash (debt)	10.0	7.5	7.5	8.0	6.1	6.1	5.2	12.1	12.1

Source: Eurobank Equities Research, Company data.

Group Financial Statements

Reported Figures in EURm					
Group P&L	2022	2023	2024e	2025e	2026e
Sales	25.0	30.1	40.3	50.4	59.0
Gross Profit	13.8	16.5	22.8	28.3	33.1
EBITDA	6.2	7.3	10.6	13.6	16.3
change	20%	18%	45%	28%	20%
EBITDA margin	25%	24%	26%	27%	28%
EBIT	4.2	5.4	8.3	11.7	14.9
Net Financial expense	-0.3	-0.2	-0.2	-0.2	-0.2
Exceptionals/other income	0.0	0.0	0.0	0.0	0.0
PBT	3.8	5.1	8.1	11.5	14.8
Income tax	-0.6	-1.3	-1.7	-2.4	-3.1
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Net Profit	3.3	3.9	6.4	9.1	11.7
EPS (EUR)	0.13	0.16	0.26	0.37	0.47
DPS (EUR)	0.04	0.05	0.08	0.11	0.14
Group Cash Flow Statement	2022	2023	2024e	2025e	2026e
EBITDA	6.2	7.3	10.6	13.6	16.3
Change in Working Capital	-3.4	-4.3	0.1	-0.7	-0.5
Net Interest	-0.2	-0.4	-0.2	-0.2	-0.2
Tax	-0.3	-0.6	-1.7	-2.4	-3.1
Other	0.5	0.4	0.0	0.0	0.0
Operating Cash Flow	2.8	2.4	8.8	10.3	12.6
Capex	-4.4	-4.0	-2.9	-3.5	-3.9
Other investing	1.2	0.7	2.2	2.1	1.3
Net Investing Cash Flow	-3.2	-3.3	-0.7	-1.4	-2.7
Dividends	-0.8	-1.0	-1.2	-1.9	-2.7
Other	-0.1	0.4	-0.9	-0.4	-0.5
Net Debt (cash)	-7.5	-6.1	-12.1	-18.7	-25.4
Free Cash Flow (adj.)	-0.7	-1.2	7.7	8.5	9.4
Group Balance Sheet	2022	2023	2024e	2025e	2026e
Tangible Assets	4.5	5.0	4.8	4.2	4.2
Intangible Assets	10.2	12.1	12.9	14.4	16.1
Other non-current Assets	3.9	3.5	3.5	3.5	3.5
Non-current Assets	18.6	20.6	21.1	22.1	23.8
Inventories	0.1	0.9	1.2	1.5	1.8
Trade Receivables	5.8	11.6	12.2	15.3	17.6
Other receivables	8.5	10.5	10.5	10.5	10.5
Cash & Equivalents	14.2	12.2	17.9	24.0	30.1
Current Assets	28.6	35.2	41.8	51.2	59.9
Total Assets	47.2	55.8	62.9	73.3	83.7
Shareholder funds	28.0	32.0	36.3	43.1	51.6
Non-controlling interest	-0.1	-0.1	-0.1	-0.1	-0.1
Total Equity	27.9	31.9	36.2	43.0	51.5
Long-term debt	2.1	0.6	0.6	0.6	0.6
Other long-term liabilities	2.1	1.9	4.1	5.6	6.0
Long Term Liabilities	4.2	2.5	4.7	6.2	6.5
Short-term debt	4.5	5.6	5.2	4.7	4.2
Trade Payables	2.0	3.7	4.8	6.0	7.1
Other current liabilities	8.6	12.1	12.0	13.4	14.4
Current Liabilities	15.1	21.4	22.0	24.1	25.7
Total Equity & Liabilities	47.2	55.8	62.9	73.3	83.7
Key Financial Ratios	2022	2023	2024e	2025e	2026e
P/E	23.6x	24.0x	19.9x	14.0x	10.9x
P/BV	2.8x	2.9x	3.5x	3.0x	2.5x
EV/EBITDA	11.5x	12.0x	11.0x	8.1x	6.4x
EBIT/Interest expense	12.7x	22.5x	41.4x	NM	NM
Net Debt (cash)/EBITDA	-1.2x	-0.8x	-1.1x	-1.4x	-1.6x
Dividend Yield	1.3%	1.2%	1.5%	2.1%	2.7%
ROE	11.7%	12.0%	17.6%	21.1%	22.6%
Free Cash Flow yield	-1.0%	-1.3%	6.1%	6.7%	7.4%
Payout Ratio	30%	30%	30%	30%	30%

Source: Eurobank Equities Research, Company data.

Company description

Profile is a Greek software company with a core product portfolio that includes solutions for wealth & asset management, banking, risk management, and treasury operations. The company is also involved in large-scale platform development projects for public institutions and other major organizations (historically c20-30% of sales). Profile operates 10 offices globally and is active in 50 countries, serving >300 clients across Europe, MEA, Asia, and the Americas.

Risks and sensitivities

•**Macro and demand risks:** Profile's top line is somewhat dependent on the digitization agenda of the Greek state, making it contingent on the speed of project execution. This risk is partially mitigated by the contracted nature of these revenues and PROF's international exposure.

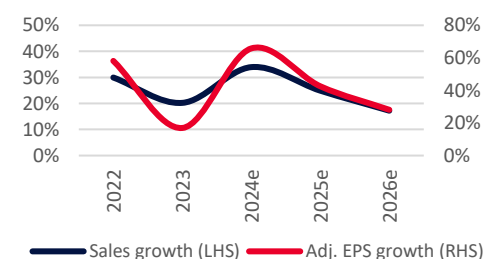
•**Personnel costs:** Human capital is the overriding factor of success for a software company, and the same holds for Profile. In that regard, margins could be negatively impacted if wage inflation accelerates further, driving the need for the company to invest more in personnel.

•**Regulatory risk:** PROF's business is subject to evolving fintech regulation, including reporting, investment mgt and related regulations. Changes to the scope/effect of regulatory regimes or modifications of accounting policies may affect demand for its products. These could also present opportunities for new business development.

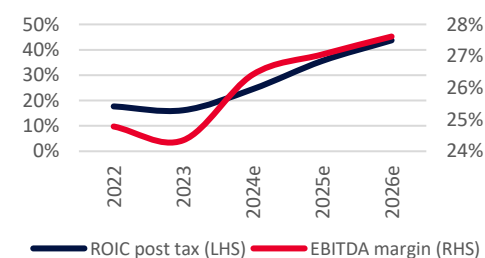
•**M&A risk:** Profile has at times resorted to M&A to tap new geographies. In case of similar moves in the future, there is some integration risk (or risk of non-accretive M&A) although we stress that the past track record is solid.

•**Sensitivity:** We estimate that flexing our revenue assumption by 1% would result in a c3-4% change in group EBITDA.

Sales and EPS growth



Profitability and returns



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12-month Rating History of Profile

Date	Rating	Stock price	Target price
17/12/2024	Buy	€ 5.18	€ 6.50
13/05/2024	Buy	€ 5.10	€ 6.50

Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) - as of 15th Oct 2024	
	Count	Total	Count	Total	Count	Total
Buy	25	69%	4	16%	11	46%
Hold	4	11%	2	50%	2	67%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	1	3%	0	0%	2	100%
Not Rated	5	14%	1	20%	2	40%
Total	36	100%				

Coverage Universe: A summary of historic ratings for our coverage universe in the last 12 months is available [here](#).

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Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
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