

COMPANY UPDATE

## PROFILE SOFTWARE

### Momentum fueled by improved execution, product uptake

**LSS step-up in H2'24 reinforces our view on the revenue path; continued FS mix optimization supports our Buy** – We reiterate our Buy on Profile following on from its FY'24 results, which confirmed our expectations for accelerated top line and improved mix. Our key takeaways from results were that: a) PROF managed to deliver on its LSS top line guidance (at €18.1m, +95% yoy) reinforcing our view that execution is becoming more linear; and b) EBITDA margins came in at 25.8% (+1.5pps yoy) despite the rising contribution of LSS (typically less margin-accretive) which, in our view, suggests that FS profitability was particularly strong. Taking into account mgt guidance for >20% sales growth in 2025, we reaffirm our FY'25 numbers – revenue and EBITDA at €50.3m (+26% yoy) and €13.5m (+31% yoy) – while also making incremental upgrades to our mid-term forecasts, mostly on account of stronger uptake across FS.

**Expecting c16% EBITDA CAGR over 2025-28e on LSS expansion, FS mix optimization** – We continue to view Profile as quite well positioned to sustain growth across its two core pillars, supported by favorable end-market dynamics in FS and accelerated LSS execution. We incorporate c12% revenue CAGR in our 2025-28e forecasts, underpinned by the solid recurring FS base, the ongoing SaaS transition strategy, and the execution of Greek state digitization contracts (LSS backlog at >€100m as of FY'24). While LSS remains relatively lower-margin compared to FS, we anticipate continued margin expansion at group level, as profitability in FS continues to improve through SaaS-led mix optimization. Our updated projections point to c16% EBITDA CAGR through 2028e, driven by scale effects from increased share-of-wallet in existing FS contracts, new higher-margin FS contracts, and improved LSS project terms as Greek digitization matures. We see group EBITDA margin ultimately expanding to the tune of c4.5pps over 2025-28e, reaching c31% by 2028e.

**Robust cash generation offers flexibility in deployment** – With a solid recurring revenue base, accelerating profitability, and moderate capex needs, the model is essentially self-funded, ensuring continued capex/R&D investment. Profile's strong fundamentals, combined with the >€100m LSS backlog, look poised to drive FCF generation of €9-11m p.a. between 2025-28e and net cash of >€40m by 2028e, which would put the company in an ideal position to seize M&A opportunities, reinvest for development, or boost shareholder returns.

**Valuation** – PROF has outperformed its broad peer group over the past 2 years, driven by positive sentiment on the effectiveness of its SaaS transition plan and the trajectory of LSS execution. We continue to base our valuation on Profile on a blended methodology, combining our DCF (at 8.9% WACC) with an M&A-based component to reflect ongoing acquisition activity within the financial software industry. Our updated estimates, following slight revisions to our 2026-27e numbers, arrive at a PT of €6.7, valuing PROF at c12.1x 1-yr fwd EV/EBITDA, still at c15% discount vs. the EU IT sector. We thus continue to see potential for further upside ahead, especially as FS uptake appears to have gathered pace and execution constraints in LSS seem to have cleared.

Estimates					
EUR mn	2023	2024	2025e	2026e	2027e
Revenues	30.1	40.1	50.3	59.2	64.5
EBITDA	7.3	10.3	13.5	15.7	19.3
Net profit	3.9	5.6	8.9	11.4	14.2
EPS (EUR)	0.16	0.23	0.36	0.46	0.57
DPS (EUR)	0.05	0.07	0.10	0.13	0.17

Valuation					
Year to end December	2023	2024	2025e	2026e	2027e
P/E	24.0x	21.0x	14.0x	11.0x	8.9x
EV/EBITDA	12.0x	10.3x	7.8x	6.3x	4.7x
Net Cash/EBITDA	0.8x	1.1x	1.5x	1.8x	1.8x
Dividend Yield	1.2%	1.4%	2.0%	2.6%	3.3%
ROE	12.0%	15.4%	20.6%	22.0%	22.8%

Source: Eurobank Equities Research

Recommendation	BUY
Target Price	€ 6.70
Prior Target Price	€ 6.50
Closing Price (11/04)	€5.08
Market Cap (mn)	€125.7
Expected Return	31.9%
Expected Dividend	2.0%
Expected Total Return	33.9%

### Stock Data

Reuters RIC	PRFr.AT
Bloomberg Code	PROF GA
52 Week High (adj.)	€5.55
52 Week Low (adj.)	€3.93
Abs. performance (1m)	-0.6%
Abs. performance (YTD)	-3.2%
Number of shares	24.7mn
Avg Daily Trading Volume (qrt)	€263k
Est. 3yr EPS CAGR	36.3%
Free Float	54%

### Profile Software Share Price



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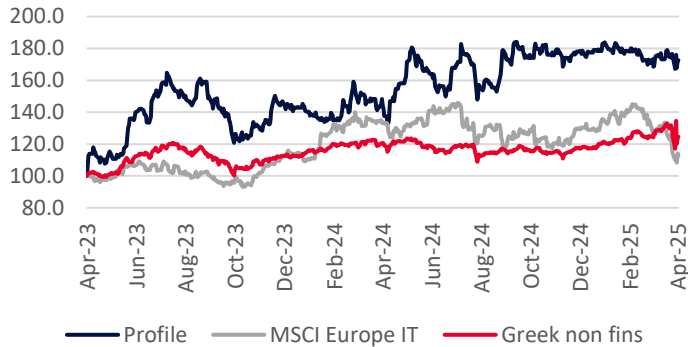
*See Appendix for Analyst Certification and important disclosures.*

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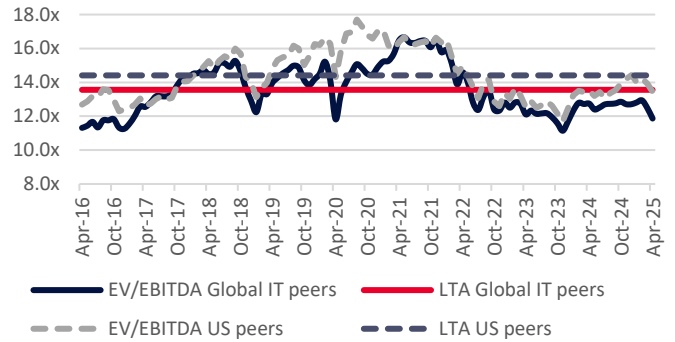
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Investment case in 6 charts

PROF has posted solid 2-year momentum, trading well above both IT peers and GR non-fins thanks to its healthy digitization exposure

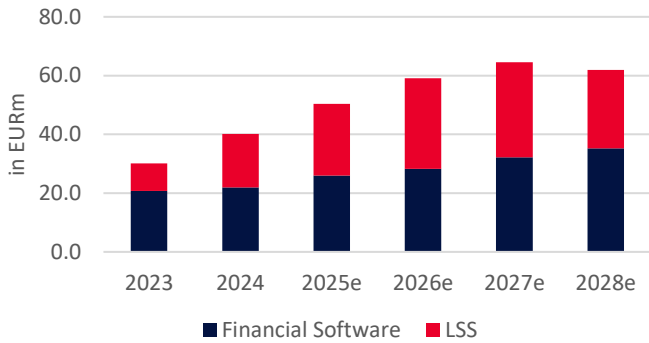


International software valuations have retreated somewhat following recent tariff-related sell-off, towards the low teens in terms of EV/EBITDA

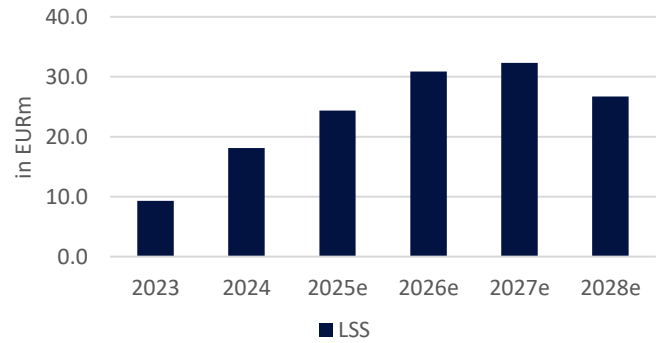


Source: Eurobank Equities Research, Bloomberg.

4-year 12% revenue CAGR for Profile underpinned by improving FS uptake, solid Greek state digitization pipeline

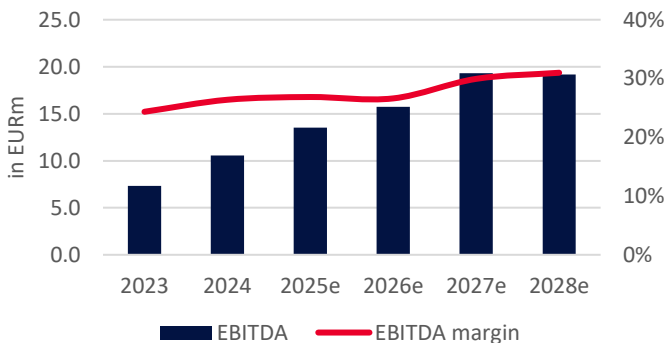


Stronger FY'24 LSS inflows support our case for smoother execution path going forward

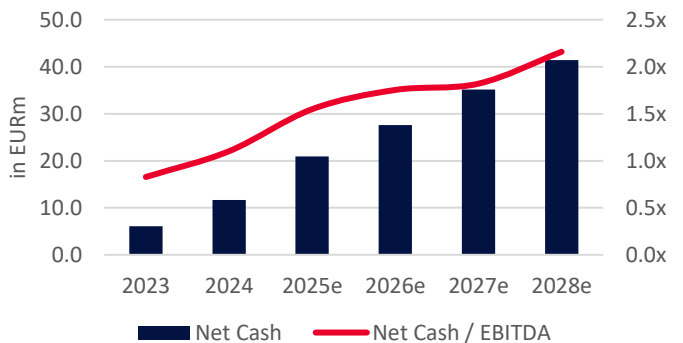


Source: Eurobank Equities Research, Company data.

SaaS transition plan, new cloud-based FS contracts, maturing digitization pipeline driving 16% EBITDA CAGR through 2028e



Rebasement in cash generation to be driven by LSS step-up; excl. M&A effects, PROF could reach net cash >€40m by 2028e, we believe



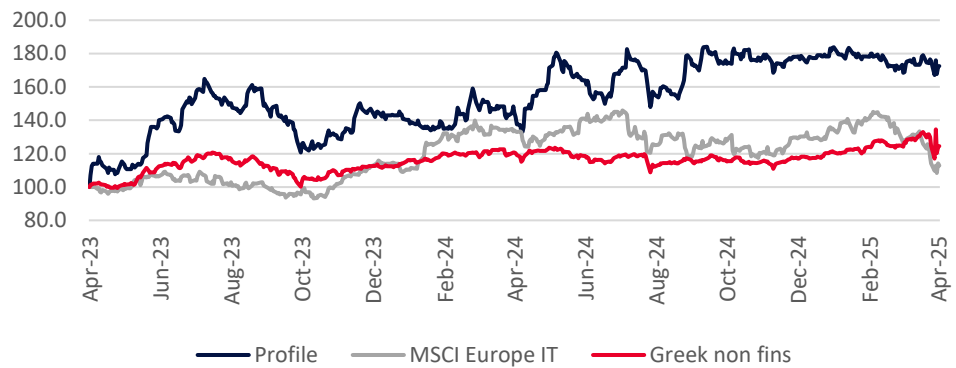
Source: Eurobank Equities Research, Company data.

Share performance

**Solid performance from mid-2024 on leaves PROF trading well above its EU cohort / Greek non-fins**

Despite trading broadly sideways in the last 6 months, Profile has materially outperformed both the MSCI Europe IT Index and Greek non-fins over the past two years. Following a sharp rally in Q2'23, the stock entered a consolidation phase, broadly tracking EU sector indices through early 2024. However, since mid-2024 Profile staged a recovery, recording new highs in Sep'24 and remaining resilient thereafter despite rising market volatility. The stock now stands >35% above its 2023 lows, comfortably outstripping the performance of the EU software cohort. We believe this outperformance is justified somewhat by Profile's solid operating momentum, bolstered by the re-basement of its LSS activity and improving visibility on its SaaS transition strategy. We also view it as a reflection of favorable investor sentiment toward IT names with RRF-related exposure given the near-term profit visibility.

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

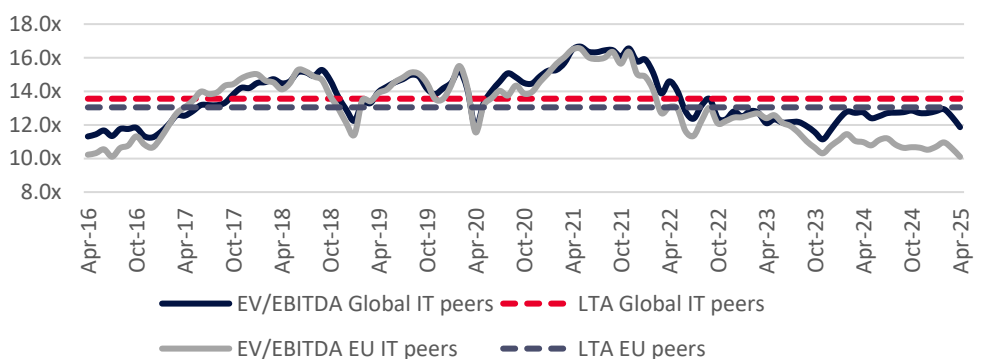


Source: Eurobank Equities Research, Bloomberg, Company data.

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

In terms of relative valuation, we have benchmarked Profile against companies that have 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 c14.2x EV/EBITDA over the past decade, with EU names being valued at just a small discount. Since the recent market events, peer valuations have 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 c13x EV/EBITDA, with the sector currently trading at the lower end of its historical range.

12m forward EV/EBITDA valuation – Financial Software peers



Source: Eurobank Equities Research, Bloomberg.

*Despite the solid 6-mth performance, PROF is still 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.

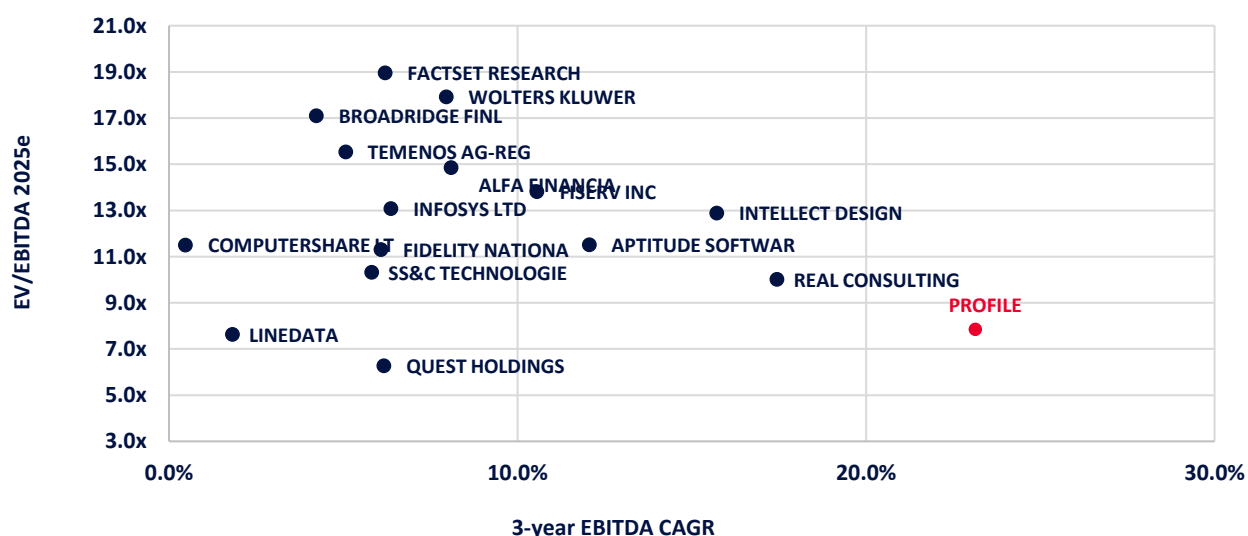
Peer group valuation								
Stock	Mkt Cap	PE		EV/EBITDA		Dividend yield		Net debt/EBITDA 1fy
		25cy	26cy	25cy	26cy	25cy	26cy	
TEMENOS AG-REG	5,012	20.2x	19.6x	15.5x	14.6x	2%	2%	0.9x
TIETOEVRV OYJ	1,815	9.1x	8.5x	7.2x	6.9x	9%	9%	2.1x
LINEDATA	352	12.6x	11.9x	7.6x	7.4x	2%	3%	0.7x
WOLTERS KLUWER	34,346	26.6x	24.1x	17.9x	16.7x	2%	2%	1.7x
APTITUDE SOFTWARE	172	19.4x	15.8x	11.5x	9.5x	2%	2%	2.0x
ALFA FINANCIA SO	694	22.9x	21.0x	14.9x	13.4x	2%	2%	0.6x
<b>European peers</b>		<b>19.8x</b>	<b>17.7x</b>	<b>13.2x</b>	<b>11.5x</b>	<b>2%</b>	<b>2%</b>	<b>1.3x</b>
SS&C TECHNOLOGIE	16,579	13.0x	11.7x	10.3x	9.7x	1%	1%	2.5x
FISERV INC	103,240	20.3x	17.4x	13.8x	12.6x	0%	0%	2.4x
FIDELITY NATIONAL	33,896	12.6x	11.6x	11.3x	10.5x	2%	2%	2.5x
FACTSET RESEARCH	14,279	24.9x	23.2x	19.0x	17.8x	1%	1%	1.0x
BROADRIDGE FINL	23,971	24.8x	22.4x	17.1x	15.9x	2%	2%	1.5x
COMPUTERSHARE LT	11,958	16.5x	16.0x	11.5x	11.3x	3%	3%	0.4x
INFOSYS LTD	60,096	19.9x	18.0x	13.1x	11.9x	4%	4%	0.0x
INTELLECT DESIGN	942	21.7x	17.5x	12.9x	11.2x	1%	1%	-1.9x
<b>Global peers</b>		<b>19.9x</b>	<b>17.4x</b>	<b>12.9x</b>	<b>11.9x</b>	<b>1%</b>	<b>2%</b>	<b>1.0x</b>
QUEST HOLDINGS	643	12.0x	10.7x	6.3x	5.9x	4%	5%	-0.2x
REAL CONSULTING	94	15.1x	12.7x	10.0x	8.1x	1%	2%	1.0x
<b>Profile</b>	<b>126</b>	<b>14.0x</b>	<b>11.0x</b>	<b>7.8x</b>	<b>6.3x</b>	<b>2%</b>	<b>3%</b>	<b>-1.5x</b>

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 underlying growth profiles, we have assessed the current valuation of the broader peer group in conjunction with their 3-year profit outlook, incorporating only organic growth in the case of Profile. On this basis, Profile's valuation looks quite compelling, particularly when considering that 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 €6.70 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	€7.5	33%	Small discount to precedent transactions
<b>Blended valuation</b>	<b>€6.7</b>		
Current price	€5.08		
Upside	32%		
Dividend yield	2%		
<b>Total return</b>	<b>34%</b>		

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
	<b>Median</b>		<b>13.5x</b>

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 yields a baseline price of €6.3 per share. This is predicated on the following assumptions:

- Sales CAGR of c12% over 2025-28e on the back of Greek state contracts, SaaS transition of legacy installations and new contracts in FS. We assume non-public revenue growth of 9-14% in the medium-term and incorporate some de-escalation in Greek state revenues post 2027e as the RRF impulse begins to fade.
- Reported EBITDA CAGR of c16% over 2025-28e, driven by improvements to the financial software mix, implying c4.5pps margin expansion by 2028e (vs. 2024) on positive operating leverage (especially as cloud transition is set to be margin-accretive). We assume a modest EBITDA debasement post-2028, c15% 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 c45-50% 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.
- We use medium term FCF conversion (FCF/EBITDA) assumption of 55-60%, 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	9.3	11.4	14.2	13.9	12.2	12.1		12.6
Net Reinvestment	2.3	-1.7	-2.8	-2.9	-2.3	-1.9		-1.0
<b>Unlevered Free Cash Flow</b>	<b>11.6</b>	<b>9.7</b>	<b>11.3</b>	<b>11.0</b>	<b>9.9</b>	<b>10.3</b>	...	<b>11.5</b>
Sum of PV of FCF	75.1							
PV of terminal value	68.1							
<b>Enterprise Value</b>	<b>143.2</b>							
Net cash (debt) incl. leases / other claims	10.6							
Expected dividend	-1.6							
<b>Equity value (ex-div)</b>	<b>152.1</b>							
no. of shares	24.7							
<b>Per share</b>	<b>€6.1</b>							
<b>12-month indicative value per share</b>	<b>€6.3</b>							

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 €5.6 and €7.4 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	6.7	7.2	7.7
	1.5%	5.8	6.1	6.5	6.9	7.4
	1.0%	5.7	6.0	6.3	6.7	7.1
	0.5%	5.6	5.8	6.1	6.4	6.8
	0.0%	5.4	5.7	5.9	6.3	6.6

Source: Eurobank Equities Research.

## Summary of estimate changes

Following the release of the group’s FY’24 results, which landed broadly in line with our expectations, we have updated our forecasts for Profile to reflect mild improvements to the mid-term outlook. Specifically, we have pushed through slight upgrades to group top line and EBITDA for 2027e, driven by our expectations for stronger uptake in investment management (Centevo) and banking software (Finuevo) thanks to recent contract wins communicated by mgt.

Our revisions are further underpinned by higher-than-previously-anticipated share-of-wallet growth within existing contracts, as the group appears to be successfully delivering on its SaaS transition strategy, reinforcing our views on the sustainability of the ARR base and the potential for greater margin accretion going forward.

We note that our assumptions for LSS execution (primarily Greek state digitization contracts) remain unchanged, as the solid performance in H2’24 affirmed Profile’s ability to deliver on its scheduled project pipeline. We estimate the remaining LSS backlog as of FY24 at >€100m.

Profile Software   Estimate changes			
in EURm, unless otherwise stated	2025e	2026e	2027e
<b>New</b>			
Revenue	50.3	59.2	64.5
EBITDA	13.5	15.7	19.3
Net profit	8.9	11.4	14.2
<b>Previous</b>			
Revenue	50.4	59.0	63.4
EBITDA	13.6	16.3	18.9
Net profit	9.1	11.7	13.6
<b>% change</b>			
Revenue	0%	0%	2%
EBITDA	-1%	-3%	2%
Net profit	-2%	-2%	4%

Source: Eurobank Equities Research.

## Financial Software: Updated product lines, SaaS transition underpin growth

*Growing share-of-wallet, contract base expansion boost FS outlook*

Given that the majority of Financial Software revenue is recurring and considering the long-term nature of these contracts, as well as the >95% client retention rates reported by the company, we view these revenues as effectively secured for the mid-term. We believe that Profile’s continued investments in enhancing its FS portfolio also bode well for value creation, particularly in the context of attracting new clients. Overall, we continue to view the outlook for FS as quite positive, especially as demand trends for software upgrades among investment managers and financial institutions remain supportive.

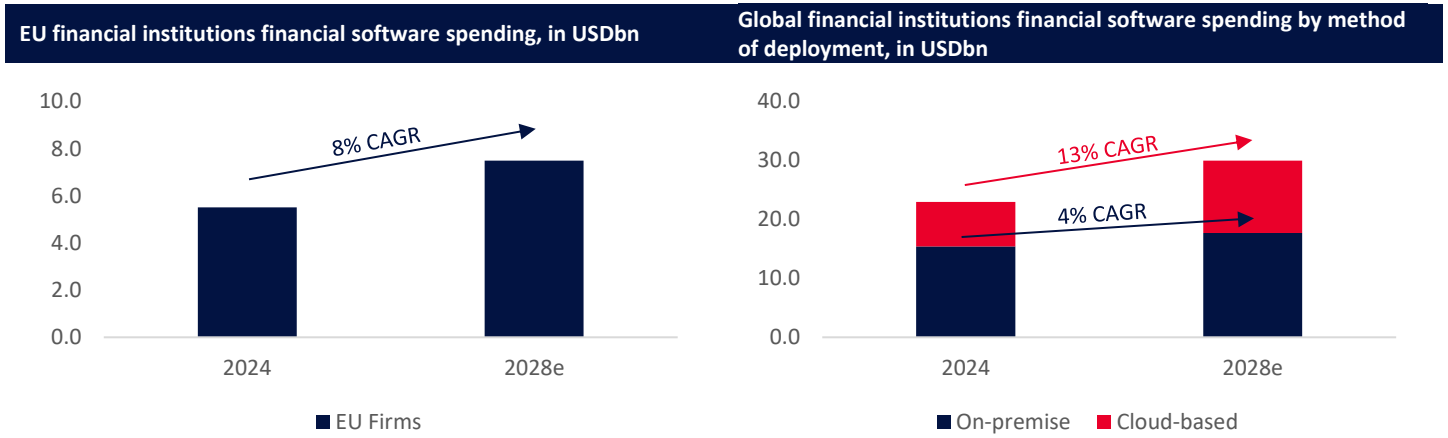
*SaaS transition key for accelerating profitability growth*

Strong profit margins in FY’24 results affirmed our expectations that Profile has made solid progress in transitioning its legacy contracts to SaaS, a particularly prominent trend for contracts related to front-office operations (investment mgt, digital banking). As noted in our previous reports, most of the FS portfolio can be offered via SaaS contracts, which typically yield higher margins compared to legacy license and maintenance (L&M) contracts. Mgt has underlined that increasing the contribution of SaaS within the FS mix is an integral piece of group strategy as Profile looks to optimize share-of-wallet growth in existing FS installations.

*2-digit industry CAGR through 2028 driven by core/digital banking*

Apart from gaining larger share of wallet within the existing client base, we believe Profile is also quite well positioned to continue expanding its active installations. Notably, according to Temenos’ November 2024 CMD, IT spending among EU financial institutions and investment

managers is set to grow at high-single-digit CAGR through 2028, indicating that tech investment remains a high priority in Profile’s addressable markets. We believe this to be relevant particularly for firms in the EU periphery and the Nordics, two regions where Profile already maintains a strong presence.

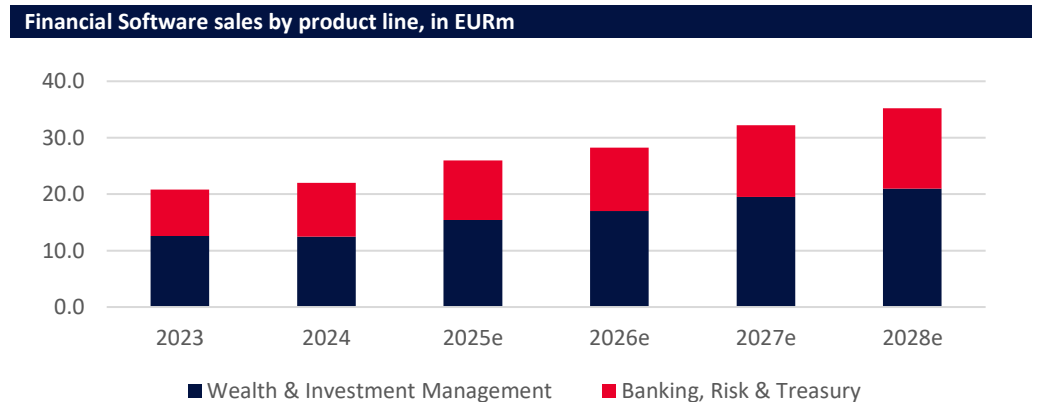


Source: Temenos.

**We now see Financial Software delivering c13% revenue CAGR through 2028e**

Our revised forecasts point to financial software revenue CAGR of c13% over 2025-28e. Breaking down performance across the main product lines, we project the following:

- **Wealth & Investment Management (W&IM):** c14% revenue CAGR through 2028e, supported by modest contract growth as demand for front-office automation and outsourcing of non-core activities continues to drive tech investment in Western Europe and the Nordics,
- **Banking, Risk & Treasury (BR&T):** c11% revenue CAGR in 2025-28e, underpinned by stronger volumes and pricing/mix from the Finuevo product overhaul and the upselling of BR&T SaaS products to existing installations. We expect momentum in the banking product line to remain solid, driven by spending from financial institutions in EU and MEA looking to upgrade their platforms and migrate to SaaS-based solutions for cost flexibility.



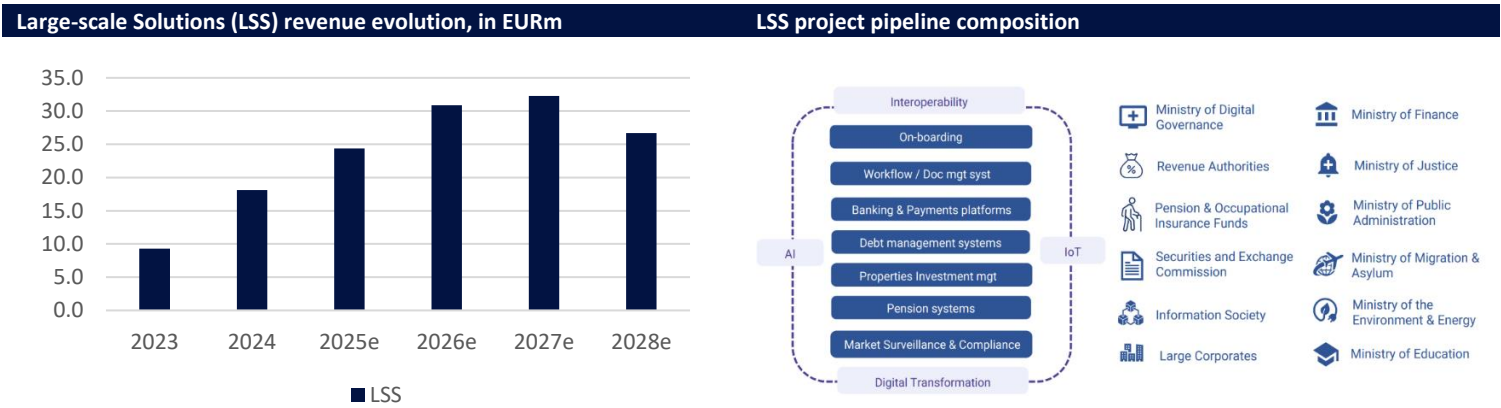
Source: Eurobank Equities Research, Company data.

**LSS: Step-up executed successfully; what lies ahead?**

**Accelerated execution boosts FY'24 LSS inflows to record-highs of €18.1m**

H2'24 was a standout period for LSS, with Profile generating record-high c€13.1m inflows from Greek state digitization projects, bringing total LSS revenue to €18.1m in FY'24 (+94.6% yoy, EeE €16m). We believe this performance effectively indicates that the accrued project backlog has entered more mature stages of execution, supporting our view that project delivery may follow a somewhat more linear trajectory in future periods. That said, we do not expect this to fully offset the inherently backloaded nature of LSS, where most milestone payments are typically concentrated in the latter half of the year.

Importantly, the uptick in project delivery during 2024 is consistent with the read-through across our broader coverage of names with exposure to the Greek digitization theme (IDEAL Holdings, Austriacard, Quest Holdings) suggesting that market conditions have improved following prior delays and execution bottlenecks. As a reminder, Profile's backlog of digitization contracts for the Greek state includes projects that are somewhat adjacent to its core financial software expertise (i.e. banking platforms, debt management systems, market surveillance). While the majority of these contracts are structured as one-offs, some also include a recurring component.

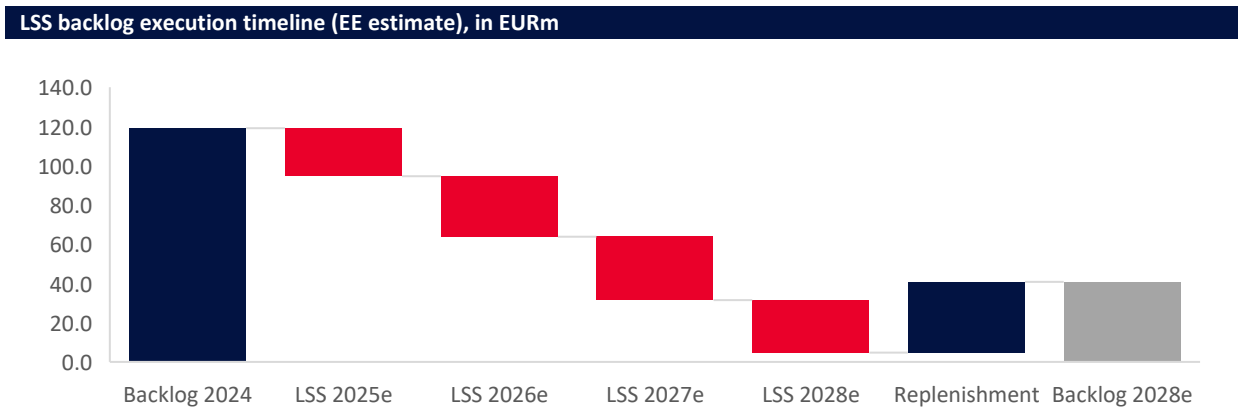


Source: Eurobank Equities Research, Company data.

Source: Company data.

**LSS backlog >€100m in FY'24; mostly one-offs complemented by recurring component**

Following strong execution in 2024, we estimate that the backlog of contracted and future digitization revenues shaped at >€100m in 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 some additional awards until the end of the RRF and ESPA digitization funding cycles (in 2026 and 2028, respectively).



Source: Eurobank Equities Research.

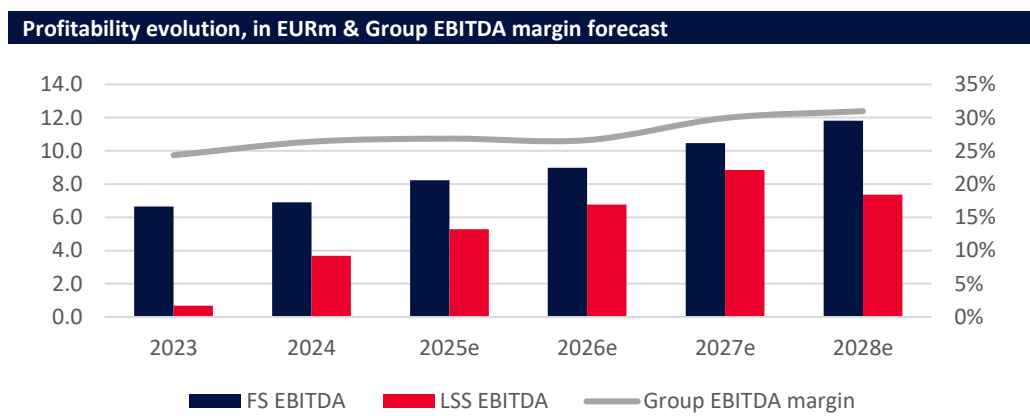
## Profitability: Eyeing stronger margins ahead as mix optimization continues

*Profitability to almost double through 2028e, driven by FS optimization, LSS acceleration*

As mentioned above, we view the stronger profitability delivered in FY'24 – with EBITDA margin up +1.5pps yoy – as confirmation that margin accretion across the Financial Software (FS) activity remains robust. Importantly, we note that the margin improvement was achieved despite the rebasement of the LSS activity, which typically carries lower margins relative to FS, further highlighting the strength of the underlying mix. Our view is that this has primarily been the result of accelerated SaaS transition efforts across the existing FS installations, as well as new margin-accretive FS contract wins throughout the year, driven by Centevo (Investment Management) and Finuevo (Banking), we suspect.

Our updated projections point to c16% EBITDA CAGR over 2025-28e, and a gradual margin expansion at group level through the end of the period, even as the sizeable >€100m LSS backlog is executed. In absolute terms, we expect greater operating momentum to translate to c4.5pps margin expansion over the 3-year horizon, with group EBITDA margin ultimately reaching c31% by end-2028e. Our assumptions are supported by the following drivers:

- A healthier revenue mix within FS, as the group continues to carry out its SaaS transition strategy and gain share-of-wallet in the existing client base.
- Scale effects from new contract wins in FS, aided by Profile’s well-established presence in SEE and the Nordics and its cross-selling approach.
- Improved terms on Greek state contracts as the national digitization agenda matures and project scope becomes increasingly complex.
- A more benign cost environment, supported by early signs of easing wage inflation in the Greek software developer job market.



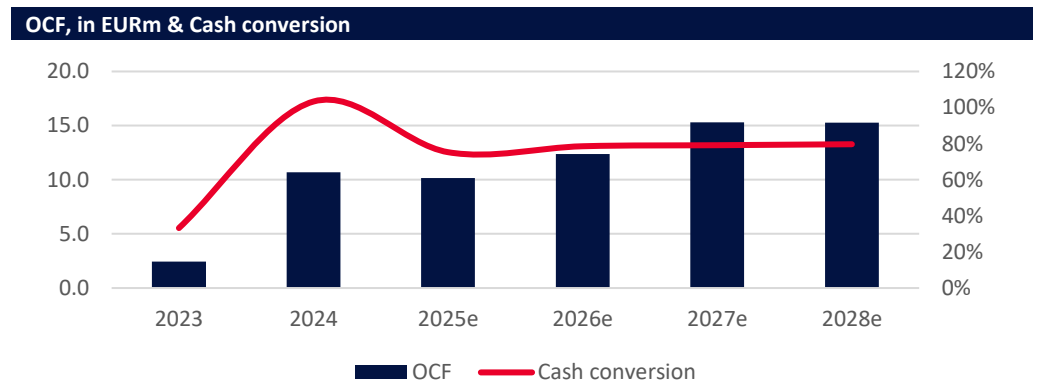
Source: Eurobank Equities Research, Company data.

### Cash positive balance sheet, FCF generation provide deployment flexibility

*Solid forward visibility provides line of sight into cash generation*

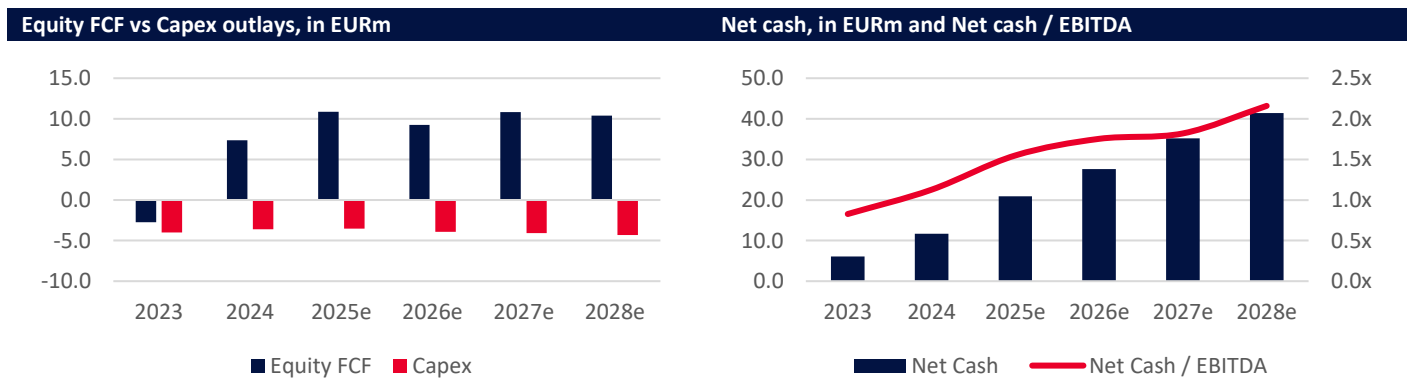
Long-term contracts, limited client churn (>95% retention rates) and a sizeable LSS backlog (>€100m in end-2024) provide solid visibility on revenue, offering a clear line of sight into future cash generation. We expect the re-basement of group top line from LSS acceleration, along with profitability improvements as the group progresses with its SaaS transition plans and limited annual capex spend (given that most product lines have been recently upgraded) to culminate in OCF conversion of c80% through 2028e.

We incorporate minimal strain from public sector receivables in our forecasts as we understand that the majority of project awards are backed by RRF financing (RRF projects typically have better-defined milestones). We also assume modest working capital investment for scale as the group looks to capitalize on the positive momentum across its core FS activities.



Source: Eurobank Equities Research, Company data.

Given the fast-evolving nature of the financial software industry, we expect Profile to continue investing in software upgrades and new products, albeit at a somewhat slower pace compared to previous years following the product launches in 2023 (Finuevo) and 2024 (AI.Adaptive, Registar). We thus maintain our capex assumptions in the €3-4m range p.a. through the mid-term, a level which we believe should be sufficient to keep the group up to speed with industry developments. Overall, we see the combination of stronger OCF generation as top line picks up and milder capex investment driving FCF in the €9-11m area annually through 2028e.



Source: Eurobank Equities Research, Company data.

*Operating momentum to drive Profile to net cash of c€41m by 2028e*

Taking the above into account, and assuming no impact from M&A or new business unit launches, we believe Profile looks poised to continue generating solid cash flows through the mid-term. Combined with the group’s healthy cash starting point (Profile on net cash of c€11.7m in FY’24) we forecast Profile to exceed €41m in net cash by 2028e, providing ample flexibility in capital deployment to either pursue potential acquisition targets or enhance shareholder returns.

## FY'24 results review

Profile delivered solid FY'24 results, broadly in line with expectations, with revenue at €40.1m (+33% yoy) driven by a rebasement in LSS – mainly Greek state projects – and solid sales growth across Financial Software. Group EBITDA came in at €10.3m (+41% yoy) corresponding to an EBITDA margin of 25.8% (+1.5pps, a bit below EeE 26.4%) reflecting stronger pricing/mix in Financial, which more than offset the effect from the elevated public sector revenues. Group FY'24 PBT landed slightly below expectations at €7.3m (+41% yoy, vs. EeE €8.1m) as a result of somewhat elevated financial expenses.

In more detail, revenue grew to €40.1m (+33% yoy) driven by a ramp-up in the LSS activity, as Profile successfully expedited the delivery of Greek state digitization projects, as well as continuing steady growth in Financial Software (FS) sales. Within the FS activity, performance appears to have been led by investment management (Axia, Centevo) which mgt noted remains the primary contributor in terms of mix. That said, results imply that the banking, risk & treasury software lines (Finuevo, RegiStar) also performed strongly, supported by new contract wins following recent updates to these products.

In terms of profitability, group EBITDA settled at €10.3m (+41% yoy, EeE €10.6m) with margins up c1.5pps vs. FY'23. We view this improvement as primarily driven by stronger margins in FS, underpinned by the ongoing SaaS transition of legacy contracts and the strong uptake of the recently updated Finuevo (banking) product line. Notably, group EBITDA margins landed higher despite an increased contribution from LSS projects in the mix (which are typically less margin-accretive vs. Financial Software) suggesting that margins across the FS portfolio were particularly strong.

Below the EBITDA line, the jump in profitability was partially offset by slightly increased financial expenses, following the issuance of new debt in H2'24. This brought FY'24 PBT to €7.3m (+41% yoy, EeE €8.1m) and FY'24 net profit to €5.6m (+45% yoy).

On the cash flow front, improved operating momentum lifted OCF to €10.7m in FY'24 (up >€8m yoy) while capex remained little-changed yoy at €3.6m. Group net cash thus shaped increased to €11.7m in FY'24, providing greater headroom for Profile to continue reinvesting in the business, accelerate returns to shareholders, or pursue accretive transactions.

Profile Software   FY'24 results overview							
in EURm, unless otherwise stated	FY'23	FY'24	%yoy	FY'24e	H2'23	H2'24	%yoy
<b>Revenue</b>	<b>30.1</b>	<b>40.1</b>	<b>33%</b>	<b>40.3</b>	<b>17.6</b>	<b>24.6</b>	<b>40%</b>
of which:							
Financial Software	20.8	22.0	6%	24.3	12.4	11.5	-7%
LSS	9.3	18.1	95%	16.0	5.2	13.1	152%
<b>EBITDA</b>	<b>7.3</b>	<b>10.3</b>	<b>41%</b>	<b>10.6</b>	<b>4.2</b>	<b>6.3</b>	<b>50%</b>
<i>EBITDA margin</i>	<i>24.3%</i>	<i>25.8%</i>	<i>1.5 pps</i>	<i>26.4%</i>	<i>24.0%</i>	<i>25.8%</i>	<i>1.8 pps</i>
EBIT	5.4	7.9	46%	8.3	3.3	4.8	46%
- Net interest expense	-0.2	-0.6		-0.2	0.0	-0.6	
PBT	5.1	7.3	41%	8.1	3.3	4.2	30%
- Tax	-1.3	-1.7	30%	-1.7	-0.9	-1.2	33%
<b>Net profit</b>	<b>3.9</b>	<b>5.6</b>	<b>45%</b>	<b>6.4</b>	<b>2.4</b>	<b>3.0</b>	<b>29%</b>
<b>Operating Cash Flow</b>	<b>2.4</b>	<b>10.7</b>		<b>8.8</b>			
Capex	-4.0	-3.6		-2.9			
<b>Net cash (debt)</b>	<b>6.1</b>	<b>11.7</b>		<b>12.1</b>			

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	H2'24	FY'24
<b>Revenue</b>	<b>10.2</b>	<b>14.9</b>	<b>25.0</b>	<b>12.5</b>	<b>17.6</b>	<b>30.1</b>	<b>15.5</b>	<b>24.6</b>	<b>40.1</b>
<b>% yoy growth</b>				<b>22.9%</b>	<b>18.4%</b>	<b>20.2%</b>	<b>23.9%</b>	<b>39.8%</b>	<b>33.2%</b>
Financial Software	8.2	11.4	19.6	8.4	12.4	20.8	10.5	11.5	22.0
% yoy growth				2.2%	8.9%	6.1%	25.1%	-7.4%	5.7%
LSS	1.9	3.5	5.4	4.1	5.2	9.3	5.0	13.1	18.1
% yoy growth				110.4%	50.8%	72.2%	21.5%	152.0%	94.6%
Gross profit	4.7	7.0	11.7	5.9	8.6	14.6	7.3	10.4	17.7
Gross margin	46.2%	47.3%	46.8%	47.4%	49.2%	48.4%	47.3%	42.3%	44.2%
<b>EBITDA</b>	<b>2.6</b>	<b>3.6</b>	<b>6.2</b>	<b>3.1</b>	<b>4.2</b>	<b>7.3</b>	<b>4.0</b>	<b>6.3</b>	<b>10.3</b>
EBITDA margin	26.0%	23.9%	24.8%	24.8%	24.0%	24.3%	25.8%	25.8%	25.8%
EBIT	1.6	2.5	4.2	2.1	3.3	5.4	3.1	4.8	7.9
PBT	1.5	2.4	3.8	1.9	3.3	5.1	3.0	4.2	7.3
<b>Net profit (post-NCI)</b>	<b>1.0</b>	<b>2.2</b>	<b>3.3</b>	<b>1.5</b>	<b>2.4</b>	<b>3.9</b>	<b>2.5</b>	<b>3.0</b>	<b>5.6</b>
Operating Cash Flow	0.6	2.1	2.8	1.0	1.4	2.4	2.0	8.7	10.7
Capex	-1.1	-3.2	-4.4	-1.8	-2.2	-4.0	-2.1	-1.5	-3.6
<b>Net cash (debt)</b>	<b>10.0</b>	<b>7.5</b>	<b>7.5</b>	<b>8.0</b>	<b>6.1</b>	<b>6.1</b>	<b>5.2</b>	<b>11.7</b>	<b>11.7</b>

Source: Eurobank Equities Research, Company data.

## Group Financial Statements

Reported Figures in EURm					
Group P&L	2023	2024	2025e	2026e	2027e
<b>Sales</b>	<b>30.1</b>	<b>40.1</b>	<b>50.3</b>	<b>59.2</b>	<b>64.5</b>
Gross Profit	16.5	20.2	25.2	29.5	32.0
<b>EBITDA</b>	<b>7.3</b>	<b>10.3</b>	<b>13.5</b>	<b>15.7</b>	<b>19.3</b>
change	18%	41%	31%	16%	23%
EBITDA margin	24%	26%	27%	27%	30%
<b>EBIT</b>	<b>5.4</b>	<b>7.9</b>	<b>11.7</b>	<b>14.5</b>	<b>17.9</b>
Net Financial expense	-0.2	-0.6	-0.4	-0.1	0.0
Exceptionals/other income	0.0	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>5.1</b>	<b>7.3</b>	<b>11.3</b>	<b>14.4</b>	<b>17.9</b>
Income tax	-1.3	-1.7	-2.4	-3.0	-3.8
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>3.9</b>	<b>5.6</b>	<b>8.9</b>	<b>11.4</b>	<b>14.2</b>
<b>EPS (EUR)</b>	<b>0.16</b>	<b>0.23</b>	<b>0.36</b>	<b>0.46</b>	<b>0.57</b>
<b>DPS (EUR)</b>	<b>0.05</b>	<b>0.07</b>	<b>0.10</b>	<b>0.13</b>	<b>0.17</b>
Group Cash Flow Statement	2023	2024	2025e	2026e	2027e
EBITDA	7.3	10.3	13.5	15.7	19.3
Change in Working Capital	-4.3	1.8	-0.6	-0.3	-0.3
Net Interest	-0.4	-0.6	-0.4	-0.1	0.0
Tax	-0.6	-1.1	-2.4	-3.0	-3.8
Other	0.4	0.3	0.0	0.0	0.0
<b>Operating Cash Flow</b>	<b>2.4</b>	<b>10.7</b>	<b>10.2</b>	<b>12.4</b>	<b>15.3</b>
Capex	-4.0	-3.6	-3.5	-3.9	-4.1
Other investing	-0.8	0.6	4.6	1.3	0.1
<b>Net Investing Cash Flow</b>	<b>-4.8</b>	<b>-3.0</b>	<b>1.1</b>	<b>-2.7</b>	<b>-4.0</b>
Dividends	-1.0	-1.2	-1.6	-2.6	-3.3
Other	2.0	-0.9	-0.4	-0.5	-0.5
<b>Net Debt (cash)</b>	<b>-6.1</b>	<b>-11.7</b>	<b>-20.9</b>	<b>-27.6</b>	<b>-35.2</b>
<b>Free Cash Flow (adj.)</b>	<b>-2.7</b>	<b>7.4</b>	<b>10.9</b>	<b>9.2</b>	<b>10.8</b>
Group Balance Sheet	2023	2024	2025e	2026e	2027e
Tangible Assets	5.0	4.7	4.7	4.6	4.5
Intangible Assets	12.1	13.8	14.9	16.8	18.6
Other non-current Assets	3.5	3.3	3.3	3.3	3.3
<b>Non-current Assets</b>	<b>20.6</b>	<b>21.8</b>	<b>22.9</b>	<b>24.6</b>	<b>26.3</b>
Inventories	0.9	0.1	0.2	0.2	0.2
Trade Receivables	11.6	13.9	17.8	20.7	22.5
Other receivables	10.5	10.6	10.6	10.6	10.6
Cash & Equivalents	12.2	21.2	25.5	31.7	38.7
<b>Current Assets</b>	<b>35.2</b>	<b>45.8</b>	<b>54.1</b>	<b>63.2</b>	<b>72.1</b>
<b>Total Assets</b>	<b>55.8</b>	<b>67.6</b>	<b>76.9</b>	<b>87.8</b>	<b>98.4</b>
Shareholder funds	32.0	36.4	43.3	51.7	62.1
Non-controlling interest	-0.1	-0.1	-0.1	-0.1	-0.1
<b>Total Equity</b>	<b>31.9</b>	<b>36.3</b>	<b>43.2</b>	<b>51.6</b>	<b>62.0</b>
Long-term debt	0.6	3.6	3.6	3.6	3.6
Other long-term liabilities	1.9	1.5	5.5	5.8	5.0
<b>Long Term Liabilities</b>	<b>2.5</b>	<b>5.0</b>	<b>9.0</b>	<b>9.4</b>	<b>8.5</b>
Short-term debt	5.6	6.0	1.0	0.5	0.0
Trade Payables	3.7	2.1	2.6	3.1	3.4
Other current liabilities	12.2	18.2	21.0	23.2	24.5
<b>Current Liabilities</b>	<b>21.4</b>	<b>26.3</b>	<b>24.7</b>	<b>26.8</b>	<b>27.9</b>
<b>Total Equity &amp; Liabilities</b>	<b>55.8</b>	<b>67.6</b>	<b>76.9</b>	<b>87.8</b>	<b>98.4</b>
Key Financial Ratios	2023	2024	2025e	2026e	2027e
P/E	24.0x	21.0x	14.0x	11.0x	8.9x
P/BV	2.9x	3.2x	2.9x	2.4x	2.0x
EV/EBITDA	12.0x	10.3x	7.8x	6.3x	4.7x
EBIT/Interest expense	22.5x	12.9x	30.7x	NM	NM
Net Debt (cash)/EBITDA	-0.8x	-1.1x	-1.5x	-1.8x	-1.8x
Dividend Yield	1.2%	1.4%	2.0%	2.6%	3.3%
ROE	12.0%	15.4%	20.6%	22.0%	22.8%
Free Cash Flow yield	-3.0%	6.3%	8.7%	7.3%	8.6%
Payout Ratio	30%	30%	29%	29%	29%

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.

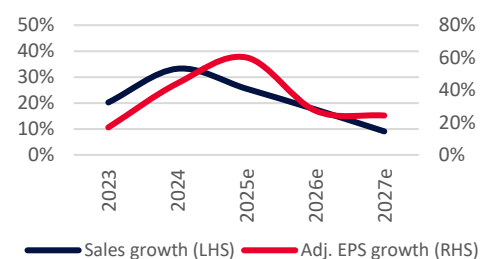
•**Personnel costs:** Human capital is the overriding factor of success for a software company, and the same holds for Profile. In that regard, margins could be negatively impacted if wage inflation accelerates further, driving the need for the company to invest more in personnel.

•**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.

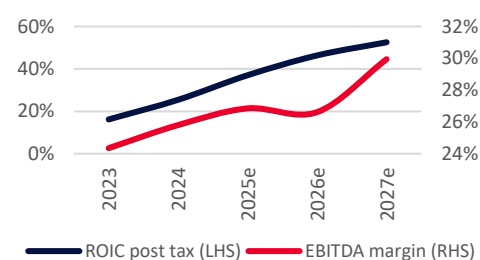
•**M&A risk:** Profile has at times resorted to M&A to tap new geographies. In case of similar moves in the future, there is some integration risk (or risk of non-accretive M&A) although we stress that the past track record is solid.

•**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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This report has been written by Stamatios Draziotis (CFA), and Marios Bourazanis (Equity Analysts).

## Analyst Compensation:

The remuneration of Stamatios Draziotis (CFA), and Marios Bourazanis is not tied to the investment banking services performed by Eurobank Equities Investment Firm S.A. or any of its related legal persons.

Stamatios Draziotis (CFA), and Marios Bourazanis did not receive or purchase the shares of Profile prior to a public offering of such shares.

Stamatios Draziotis (CFA), and Marios Bourazanis do not have a significant financial interest in one or more of the financial instruments which are the subject of this report or a significant conflict of interest with respect to the subject companies mentioned in this report a) that are accessible or reasonably expected to be accessible to the persons involved in the preparation of this report or b) known to persons who, although not involved in the preparation of this report, had or could reasonably be expected to have access to this report prior to its dissemination to customers or the public.

## Planned Frequency of Updates:

Eurobank Equities Investment Firm S.A. provides updates on Profile based on the terms of the agreement between Eurobank Equities Investment Firm S.A. and EBRD and at least but not limited to bi-annually or after the publication of the financial statements of Profile.

## 12-month Rating History of Profile

Date	Rating	Stock price	Target price
14/04/2025	Buy	€ 5.08	€ 6.70
17/01/2025	Buy	€ 5.28	€ 6.50
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 Jan 2025	
	Count	Total	Count	Total	Count	Total
Buy	28	74%	2	7%	12	46%
Hold	4	11%	0	0%	2	50%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	1	3%	0	0%	1	100%
Not Rated	4	11%	0	0%	2	50%
<b>Total</b>	<b>38</b>	<b>100%</b>				

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

## Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
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.
Restricted:	Under Eurobank Group policy and / or regulations which do not allow ratings
Under Review:	Our estimates, target price and recommendation are currently under review
Not Rated:	Refers to Sponsored Research reports