RESEARCH UPDATE

AQUAFIL (BIT: ECNL) (OTCQX: ECNLF)

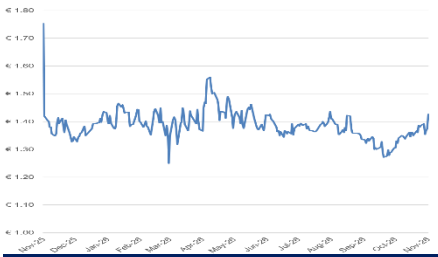
**Dave Storms, CFA**
Dave@stonegateinc.com
214-987-4121

| Market Statistics | |
|---|---|
| Price | € 1.43 |
| 52 week Range | €1.21 - €1.60 |
| Daily Vol (3-mo. average) | 106,466 |
| Market Cap (M): | € 123.0 |
| Enterprise Value (M): | € 335.7 |
| Shares Outstanding: (M) | 86.3 |
| Float (M) | 34.7 |

| Financial Summary | |
|---|---|
| Cash (M) | € 165.5 |
| Cash/Share | € 1.92 |
| Debt (M) | € 378.2 |
| Equity (M) | € 145.6 |
| Equity/Share | € 1.69 |

| Valuation In EUR | |
|---|---|
| Valuation Range | €2.45 - €3.63 |
| Price Target | € 2.99 |

| FYE: DEC | 2025 | 2026E | 2027E |
|---|---|---|---|
| (in €) | | | |
| Rev | € 534.3 | € 541.3 | € 549.6 |
| Chng % | -3.0% | 1.3% | 1.5% |
| | | | |
| EBITDA | € 72.4 | € 79.7 | € 85.8 |
| Net Income | € (4.7) | € 11.4 | € 37.1 |
| EPS | € (0.05) | € 0.13 | € 0.43 |
| | | | |
| EV/Revenue | 0.6x | 0.6x | 0.6x |
| EV/EBITDA | 4.6x | 4.2x | 3.9x |
| P/E | -0.3x | 0.1x | 0.0x |



## COMPANY DESCRIPTION

Aquafil Group is a pioneer of the circular economy and a leading manufacturer of synthetic fibers and polymers, including Nylon 6, Nylon 6.6 and Dryarn®. Aquafil's commitment to continuous research and development has set the standard for quality and product innovation worldwide and led to the discovery of ECONYL® nylon, a revolutionary nylon made of 100% waste and is 100% regenerable. Today, Aquafil is recognized as a sustainability leader, a stalwart example of the circular economy and an innovator dedicated to researching closed-loop systems for the synthetic fiber and polymer industry.

## Aquafil reports 3Q26 results

Aquafil's 3Q26 results increased our confidence in its ability to improve earnings and reduce debt in a soft demand environment. Selling-price adjustments helped recover earlier raw material and freight cost increases in 3Q, with management expecting the full effect in 4Q. EBITDA returned to y/y growth despite lower volumes. Management expects to miss its original volume growth objective of approximately 5%, with volumes up just 0.1% through September. In our view, that puts more weight on procurement and plant efficiency in 2027. A broader demand recovery would improve fixed-cost absorption, particularly in Europe.

**Quarterly results:** Revenue increased 7.4% y/y to €129.8M as higher selling prices offset a 0.6% decline in first-grade volumes. EBITDA rose 5.5% to €17.5M on procurement and production efficiencies and ongoing cost reductions. Cost pass-through lifted sales faster than EBITDA, with margin at 13.5% versus 13.7% a year ago and 15.3% in 2Q26. EMEA first-grade volumes fell 2.4% y/y as declines of 18.6% in textile yarn and 20.2% in engineering plastics outweighed 4.6% growth in carpet yarn. North American apparel yarn volumes rose 7.1%, while carpet yarn volumes fell 4.7%.

Net debt rose €4.8M q/q to €201.8M and remained below €209.5M at YE25. Nine-month operating cash flow rose to €31.6M from €7.2M. Working capital absorbed €1.2M versus €24.2M a year ago, accounting for €23.0M of the €24.4M improvement, primarily through the swing in trade payables. Cash flow before working capital rose to €51.2M from €47.8M. In 3Q alone, working capital absorbed €7.4M, leaving operating cash flow at €1.1M and helping explain the sequential rise in net debt.

**Outlook:** Management reiterated FY26 EBITDA guidance of €79M to €83M, implying approximately €21M to €25M in 4Q. In Q&A, the CEO pointed to roughly €20M to €21M for 4Q, near the low end of the full-year range. Management also said it expects to miss its original volume growth objective of approximately 5%. Fuller price recovery and the timing of certain cost benefits support a sequential improvement. European engineering plastics orders have begun to recover, although broader demand visibility remains limited. Reaching the previously stated €185M to €195M year-end net debt target requires a €6.8M to €16.8M reduction from September. That makes 4Q cash conversion particularly relevant as Aquafil discusses 2027 maturities with banks. Management expects an improved credit rating to help offset rate pressure, with borrowing costs still uncertain.

**ECONYL®:** ECONYL® accounted for 60.4% of fiber revenue, down from 61.3% in 2Q26 and above the prior-year level. Management continues to target €10M to €12M of additional cost savings benefiting 2027 and 2028. It expects to commission the first phase of the energy project before summer 2027, with material savings beginning in 2H27. Aquafil targets a reduction of more than 40% in steam use per ton over three years. In our view, lower steam consumption would improve ECONYL®'s ability to compete with virgin nylon when cheaper oil makes conventional nylon less expensive.

**Valuation:** We use both a DCF Model and EV/EBITDA Analysis to frame our valuation of ECNL. Our DCF analysis relies on a range of discount rates between 11.25% and 13.75%. This arrives at a valuation range of €2.40 to €3.75 with a mid-point of €2.98. Our EV/EBITDA analysis relies on a range of 5.0x to 6.0x leading to a valuation range of €2.51 to €3.50, with a midpoint at €3.01. When we combine these two methods with a simple average it returns a valuation range of €2.45 to €3.63 with a price target of €2.99.

## SUMMARY

### Exhibit 1: Quarterly Results vs. Model

| 3Q26 Results *(in M, except EPS)* | | | |
|---|---|---|---|
| | **Reported** | **Model** | **Notes** |
| **Revenues** | **€ 131.3** | **€ 136.9** | |
| | | | Revenue 3.1% below model despite y/y price recovery. |
| Cost of sales | 55.7 | 56.4 | |
| **Gross profit** | **75.5** | **80.4** | |
| **GPM** | **57.5%** | **58.8%** | Gross margin below model. |
| Service Cost | 32.7 | 30.8 | |
| Labor Costs | 27.4 | 29.3 | |
| Other Costs | 10.6 | 11.4 | |
| Operating Exp | 70.7 | 71.4 | |
| **Op Inc - adjusted** | **4.8** | **9.0** | |
| **OPM** | **3.6%** | **6.6%** | |
| **EBITDA - adjusted** | **17.5** | **21.4** | |
| **EBITDA margin** | **13.3%** | **15.6%** | |
| Net inc- adjusted | € (0.1) | € 5.4 | |
| **EPS - adjusted** | **€ (0.00)** | **€ 0.06** | Margin 240 bps below model and 20 bps lower y/y. |

*Source: Company Reports; Stonegate Capital Markets*

## Margins

The Company's overall margin is impacted by sales mix, fixed-cost absorption, and the contribution from ECONYL® and other regenerated products, which support higher-value positioning within nylon fibers. Aquafil's pass-through mechanisms also allow the Company to reprice against raw material and input-cost inflation over time, helping protect margins through volatile cost cycles. As a result, the Company has historically supported a differentiated margin profile relative to listed peers.

In 3Q26, EBITDA rose 5.5% y/y to €17.5M despite a 0.6% decline in first-grade volumes. Selling-price adjustments helped recover earlier raw material and freight cost increases in 3Q, with management expecting the full effect in 4Q. Cost pass-through lifted revenue faster than EBITDA. Quarterly EBITDA margin declined to 13.5% from 13.7%, while nine-month margin increased to 14.5% from 13.7% as procurement, production efficiencies and cost reductions supported profitability. ECONYL®-branded products accounted for 60.4% of 3Q fiber revenue.

## VALUATION SUMMARY

Aquafil is an industrial pioneer in producing raw material for Nylon 6 production from waste. The Company has made significant capital investments, improving industrial efficiency in their existing plants, strengthening their production capacities, and improving operating margins. Aquafil has a strong global exposure with production plants in several countries across Asia, Europe, and North America. The Company is strategically partnered with high profile brands like Patagonia, Gucci, and Prada, among others, who share the same circular vision and goals for sustainability.

To help frame our valuation we use a combination of comparative analysis and discounted cash flow analysis.

**Comparative Analysis**
**(all figures in €M, except per share information)**

| Company Name | Symbol | Price (1) | Mrkt Cap | EV | EV/Sales (2) | | | EV/EBITDA | | | P/E | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2025 | 2026E | 2027E | 2025 | 2026E | 2027E | 2025 | 2026E | 2027E |
| Lenzing Aktiengesellschaft | LNZ | € 11.14 | € 430.21 | € 2,422.01 | 1.07x | 0.91x | 0.91x | 6.3x | 6.0x | 5.5x | -0.2x | -0.1x | -0.2x |
| EMS-CHEMIE HOLDING AG | EMSN | € 915.20 | € 19,798.81 | € 20,598.28 | 6.30x | 9.52x | 9.03x | 20.1x | 31.6x | 29.5x | 1.2x | 1.8x | 1.7x |
| Aksa Akrilik Kimya Sanayii A.S. | AKSA | € 0.20 | € 42,929.25 | € 1,202.56 | 1.85x | 1.32x | 1.18x | 12.6x | 0.1x | 0.1x | N/A | N/A | N/A |
| Coats Group plc | COA | € 0.91 | € 1,456.62 | € 2,615.35 | 1.37x | 1.26x | 1.20x | 6.1x | 6.4x | 5.9x | 0.0x | 0.0x | 0.0x |
| Unifi, Inc. | UFI | € 6.00 | € 123.06 | € 175.64 | 0.32x | 0.37x | 0.34x | -11.7x | 9.0x | 4.7x | -0.1x | -0.6x | 0.6x |
| Interface, Inc. | TILE | € 28.09 | € 1,791.81 | € 1,764.06 | 1.33x | 1.35x | 1.30x | 8.5x | 7.1x | 7.3x | 0.3x | 0.2x | 0.2x |
| | | | | **Average** | **2.0x** | **2.5x** | **2.3x** | **7.0x** | **10.0x** | **8.8x** | **0.2x** | **0.3x** | **0.5x** |
| | | | | **Median** | **1.3x** | **1.3x** | **1.2x** | **7.4x** | **6.8x** | **5.7x** | **0.0x** | **0.0x** | **0.2x** |
| Aquafil S.p.A. | ECNL | € 1.43 | € 123.00 | € 335.66 | 0.6x | 0.6x | 0.6x | 4.6x | 4.2x | 3.9x | -0.3x | 0.1x | 0.0x |

*(1) Previous day's closing price*
*(2) Estimates are from Capital IQ*
*Source: Company reports, CapitalIQ, Stonegate Capital Partners*

Based on our F27 estimates, Aquafil is trading at a 3.9x EV/EBITDA multiple vs. the average comp at 8.8x. Given the comps, coupled with historical trading ranges, we believe using an EV/EBITDA range of 5.0x to 6.0x with a mid-point of 5.50x is reasonable to account for the Company's slightly smaller size vs comps. Applying this range to our F27 estimate, we arrive at a valuation range of €2.51 to €3.50, with a midpoint at €3.01.

| EV/EBITDA | | | |
|---|---|---|---|
| **2027E** | **5.00x** | **5.50x** | **6.00x** |
| Adj EBITDA | 85.8 | 85.8 | 85.8 |
| TEV | 429.0 | 471.9 | 514.8 |
| Cash | 165.5 | 165.5 | 165.5 |
| Debt | 378.2 | 378.2 | 378.2 |
| Mrkt Cap | 216.4 | 259.3 | 302.2 |
| S/O | 86.3 | 86.3 | 86.3 |
| **Price** | **€ 2.51** | **€ 3.01** | **€ 3.50** |

For our DCF analysis we assume a terminal growth rate of 2.0%. Our DCF analysis relies on a range of discount rates between 11.25% and 13.75% with a midpoint of 12.50%. This arrives at a valuation range of €2.40 to €3.75 with a mid-point of €2.98.

**Sensitivity Analysis:**

| Discount rate | Terminal Growth Rates | | | | |
|---|---|---|---|---|---|
| | **1.50%** | **1.75%** | **2.00%** | **2.25%** | **2.50%** |
| **10.00%** | € 4.39 | € 4.49 | € 4.59 | € 4.70 | € 4.82 |
| **11.25%** | € 3.54 | € 3.61 | € 3.68 | € 3.75 | € 3.83 |
| **12.50%** | € 2.89 | € 2.93 | € 2.98 | € 3.03 | € 3.09 |
| **13.75%** | € 2.37 | € 2.40 | € 2.43 | € 2.47 | € 2.51 |
| **15.00%** | € 1.94 | € 1.97 | € 1.99 | € 2.02 | € 2.05 |

## Business Overview

Aquafil Group engages in the production, reprocessing, and sale of polyamide 6 fibers and polymers across the globe. The Company offers bulk continuous filament or synthetic yarns for the textile flooring sector, where the finished product can be used in hotels, airports, offices, residential buildings, and the automotive market. It also offers nylon textile filaments to the apparel and fashion markets. The Company's engineering plastics and other polymers business manufactures and sells polymers that are primarily used for applications in injection molding, extrusion, and CNC production. Typical end products include molded plastic accessories and designer furniture components.

The Company was founded in 1965 and is headquartered in Arco, Italy.

In October of 2022 the Company commenced trading on the OTCQX under the symbol ECNLF.

### Exhibit 2: Aquafil Global Operation




*Source: Company Reports*

## ECONYL® AND THE CIRCULAR ECONOMY

The Company is a pioneer in the circular economy and invented the ECONYL® regeneration system, an innovative process that can create new products from waste. Through this production system, the Company transforms nylon waste, such as abandoned fishing nets, old carpets, or textile production scraps, into regenerated fibers and polymers with the same chemical and performance characteristics as conventional nylon 6. Importantly, the ECONYL® regeneration system gives new life to waste materials that would otherwise be sent to landfills or incineration.

Aquafil believes it was one of the first companies in Italy to adopt a "Life Cycle Thinking" approach that considers a holistic view of a product and evaluates its environmental impact from "cradle to grave." Through this analysis of the nylon value chain, the Company identified raw material extraction as a major source of environmental impact.

This discovery led Aquafil to design a circular economy for the nylon product value chain by replacing virgin fossil-derived feedstock with recovered nylon waste in the ECONYL® process.

Aquafil adheres to 5 guiding ideas:

**Rethinking Products in a Circular perspective**: Rethinking products from a circular viewpoint through enhancing current value chains, investigating, and developing new ones, and putting an eco-centric design strategy into practice.

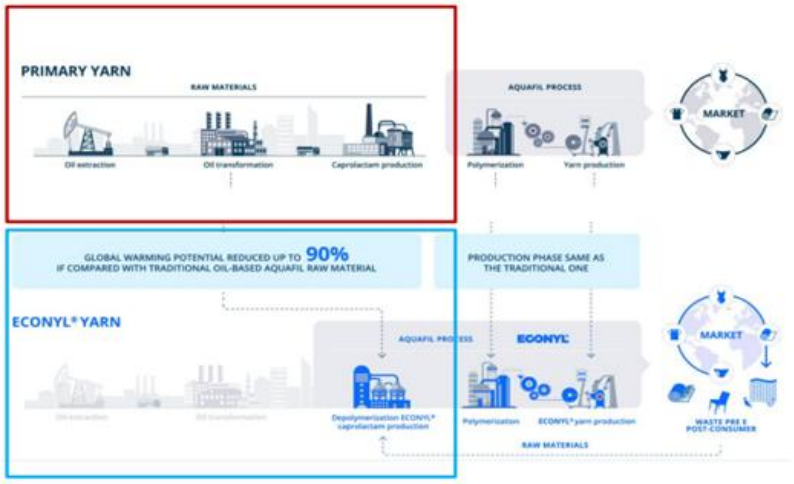
**Protecting the Environment**: By reducing its environmental effect and paving a sustainable future for an industry that has historically been accountable for landfill waste, water pollution, and greenhouse gas emissions, the Company can protect the environment.

**Caring for the Wellbeing of Individuals:** By promoting the development, security, and welfare of employees.

**Sharing Responsibilities Throughout the Value Chains**: Dividing up duties along the value chains while working with clients and vendors to simulate sector-wide transformation.

**Supporting the Local Communities:** Supporting neighborhood communities by advancing equality, prosperity, and environmentally responsible development.

### Exhibit 3: Aquafil's "Life Cycle Thinking" Approach




*Source: Company Reports*

## ESG Focus

Aquafil believes in a future with sustainability and the environment at the center of economic growth. The Company has adopted the UN Sustainable Development Goals to help guide its ESG priorities.

**Environment:** The Company is conscious of the impact of its processes on the planet, from the choice of material to the sale location. Its investment in designing a closed-loop nylon diverts waste from landfills. In September 2026, Aquafil received an EcoVadis Platinum medal for the second consecutive year, with a score of 88/100.

**Social:** Aquafil's FY25 sustainability statement says it removed the SA8000 certification target and decided against renewing certification at previously covered facilities. The Company said it would retain measures to manage social responsibility risks and impacts.

**Examples of UN Sustainable Development Goals Aquafil Highlights**

- Quality education
- Gender equality
- Affordable and clean energy
- Sustainable cities and communities

**Governance:** The Company maintains a corporate governance framework covering compensation policy, accounting and auditing practices, and leadership selection.

## Product Overview

Aquafil manufactures and sells three principal product categories: flooring yarn, textile yarn, and engineering plastics and other polymers.

### Exhibit 4: Product Lines at a Glance




*Source: Company Reports*

### Flooring Yarns (BCF Products)

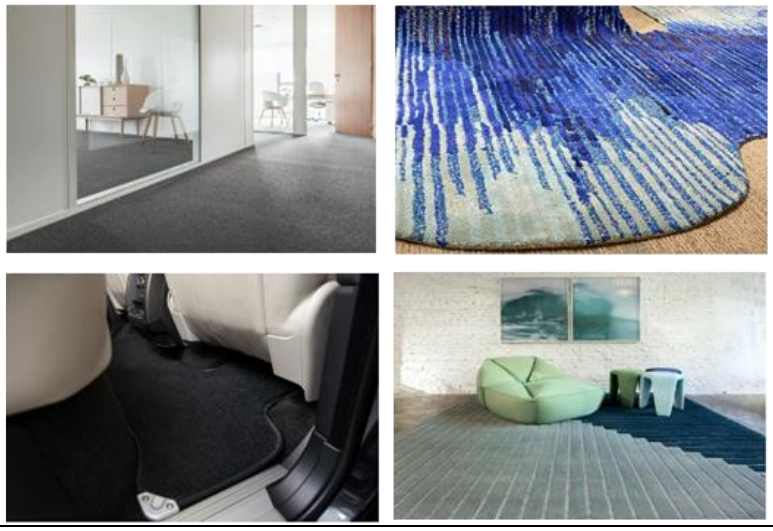
Aquafil was originally founded as a flooring yarn manufacturer, and BCF remained the core of the business at 73.9% of FY25 sales.

Over time, Aquafil has become a leading carpet yarn manufacturer across different market segments. These include:

- ✓ Contract – hotels, offices, and public spaces
- ✓ Automotive – auto carpets, molded floors/mats, and upholstery
- ✓ Residential – wall-to-wall and broadloom for living
- ✓ Rugs
- ✓ Transportation – textile floorings for trains, airplanes, ferries
- ✓ Special applications – ropes, filters, mattresses, sponges

Aquafil is recognized as a leading player in the Bulk Continuous Filament (BCF Product) sector globally. In fact, it is a market leader in Europe and rest of the world.

**Exhibit 5: Flooring Yarn Products**



*Source: Company reports*

The Group has R&D and Design Carpet Centers in Italy, the USA, and China. At these centers, a wide variety of color-based technical solutions allow Aquafil to customize products to meet specific customer needs. The Company lists approximately 20,000 different products in its flooring yarn business.

Additionally, the Company's ECONYL® carpet yarn comprises almost 200 solution dyed colors, along with the ability to make tailor-made color solutions as well.

### Textile Yarns (NTF Products)

Aquafil's NTF, or Nylon Textile Filaments, represented 16.2% of FY25 total sales. The business serves the clothing sector and produces regenerated polyamide 6 fibers under its ECONYL® brand. The regenerated nylon gives apparel brands a way to incorporate recycled feedstock into their products.

The ECONYL® yarn is made from nylon waste and is 100% regenerated and regenerable, offering the same quality and performance as traditional Nylon 6. The process allows recovered nylon to be reused in new products.

**Exhibit 6: Aquafil Fibers in Clothing Apparel and Accessories**




*Source: Company Websites*

### Polymers (EP Products)

Engineering plastics represented 6.2% of FY25 total sales, and other polymers represented 3.7%, for a combined 9.9%. The business manufactures and sells polymers, including ECONYL®, primarily used for injection molding, extrusion, and CNC production. Typical end products include molded plastic accessories such as sunglass frames and designer furniture components such as chairs.

Aquafil's polymers have unique characteristics that make them attractive to end customers, which include:

- High mechanical strength, stiffness, hardness, and toughness
- Good fatigue resistance
- High mechanical damping ability
- Good sliding properties
- Excellent wear resistance
- Good electrical insulating properties
- Good workability

### Engineering

The Group also operates in the plant engineering sector through its Berlin-based company, Aquafil Engineering GmbH, which specializes in the design and supply of industrial chemical equipment and plants.

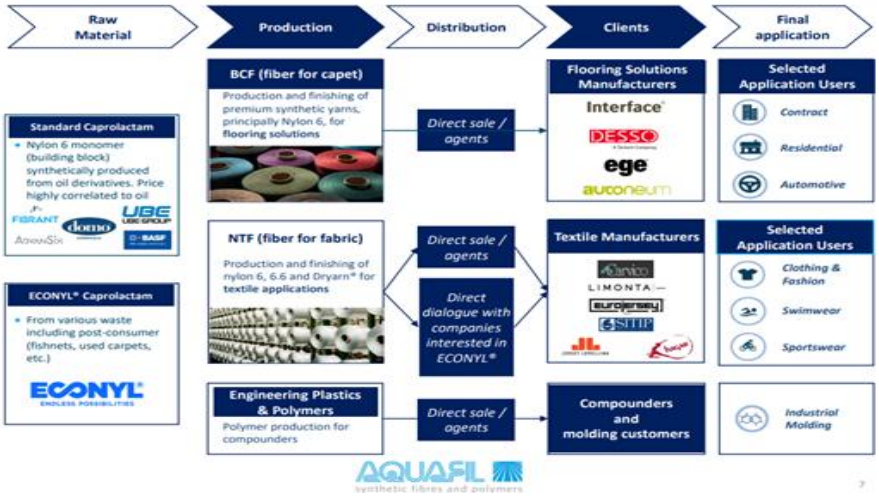
## BUSINESS STRATEGY

Aquafil uses its Brand Manifesto to guide its strategy and growth. It incorporates the Company's history, values, ambitions, vision, and mission. The manifesto helps align the Company's business decisions with its sustainability priorities. It helps stakeholders, employees, investors, clients, suppliers, and communities understand who Aquafil is and where it is going.

Supporting this strategic direction is Aquafil's business model, which centers on using proprietary technology with continuous R&D innovation, manufacturing, and operational excellence, all focused on high-end segments and sustainability solutions.

Aquafil reiterated its FY26 EBITDA guidance and said it expects to fall short of its original volume growth objective. Management expects volumes to fall short of the original approximately 5% growth objective, increasing the importance of pricing, cost reductions, and cash conversion in the final quarter.

### Exhibit 7: Aquafil's Model




*Source: Company Reports*

### Exhibit 8: Aquafil Targets for 2026

| | | | |
|---|---|---|---|
| **'25A vs '24A** | +1,4% | (2,6)% | +11,8% |
| **NEW '26E vs '25A** | **From +3% to +7%** | **From +7% to +10%** | **From +3% to +7%** |
| **Old '26E vs '25A** | From +2% to +4% | From +4% to +7% | From +1% to +2% |

*Source: Company Reports*

## Risks

**General Economic Conditions** – Aquafil's business is levered to consumer and business demand. Any changes in the macroeconomic environment that negatively impact these sectors of the economy could adversely affect Aquafil's results.

**Raw Material Volatility** – Rising inflationary prices, and/or increases in raw material prices and energy prices, may have a negative impact on the Company's cost of manufacturing.

**Highly Competitive Business** – Due to the competitive nature of the textile industry, it is not guaranteed that Aquafil maintains its current strong market share. Some of Aquafil's competitors may have greater operating flexibility, that would allow them to respond better or more quickly to industry changes.

## DISCOUNTED CASH FLOW

**Aquafil S.p.A.**
**Discounted Cash Flow Model**
*(in $M, except per share)*

| Estimates: | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E | 2036E | Terminal Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 551.0 | 534.3 | 541.3 | 549.6 | 571.8 | 594.7 | 618.5 | 643.0 | 668.0 | 693.1 | 716.9 | 740.2 | 763.2 | |
| Opearting Income | 3.3 | 6.6 | 27.0 | 40.8 | 36.3 | 37.5 | 39.2 | 40.4 | 41.8 | 43.0 | 44.5 | 45.2 | 46.6 | |
| Less: Taxes (benefit) | (1.3) | (0.3) | 1.6 | 2.0 | 7.3 | 7.5 | 7.8 | 8.1 | 8.4 | 8.6 | 8.9 | 9.0 | 9.3 | |
| NOPAT | 4.6 | 6.9 | 25.4 | 38.9 | 29.0 | 30.0 | 31.3 | 32.3 | 33.4 | 34.4 | 35.6 | 36.1 | 37.2 | |
| Plus: Depreciation & Amortization | 54.1 | 51.9 | 43.4 | 42.0 | 41.7 | 42.8 | 43.3 | 43.7 | 43.4 | 43.7 | 43.0 | 43.7 | 43.5 | |
| Plus: Changes in WC | 27.6 | (48.5) | (5.4) | (5.5) | (5.7) | (3.0) | (3.1) | (3.2) | (3.3) | (1.7) | (1.8) | (1.9) | (1.9) | |
| Less: Capex | (24.0) | (21.1) | (26.0) | (23.6) | (22.9) | (22.6) | (22.3) | (22.5) | (21.7) | (20.8) | (21.5) | (22.2) | (22.9) | |
| Free Cash Flow | 62.2 | (10.9) | 37.4 | 51.7 | 42.2 | 47.3 | 49.3 | 50.3 | 51.8 | 55.5 | 55.3 | 55.7 | 55.9 | 543.4 |
| Discount period - months | | | 3 | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | |
| Discount period - years | | | 0.3 | 1.3 | 2.3 | 3.3 | 4.3 | 5.3 | 6.3 | 7.3 | 8.3 | 9.3 | 10.3 | |
| Discount factor | | | 0.97 | 0.86 | 0.77 | 0.68 | 0.61 | 0.54 | 0.48 | 0.43 | 0.38 | 0.34 | 0.30 | |
| PV of FCF | | | 36.4 | 44.6 | 32.4 | 32.2 | 29.9 | 27.1 | 24.8 | 23.6 | 20.9 | 18.8 | 16.7 | 162.5 |
| **Growth rate assumptions:** | | | | | | | | | | | | | | |
| Revenue | | -3.0% | 1.3% | 1.5% | 4.1% | 4.0% | 4.0% | 4.0% | 3.9% | 3.8% | 3.4% | 3.3% | 3.1% | |
| Operating Income | | 99.1% | 309.2% | 50.9% | -11.0% | 3.4% | 4.3% | 3.1% | 3.4% | 2.9% | 3.6% | 1.4% | 3.1% | |
| EBITDA | | 1.8% | 20.5% | 17.5% | -5.7% | 2.9% | 2.6% | 2.0% | 1.3% | 1.7% | 1.0% | 1.5% | 1.4% | |
| Free Cash Flow | | -117.5% | -443.9% | 38.2% | -18.4% | 12.0% | 4.2% | 2.1% | 2.9% | 7.2% | -0.3% | 0.7% | 0.4% | |
| **Margin assumptions:** | | | | | | | | | | | | | | |
| Operating Income | 0.6% | 1.2% | 5.0% | 7.4% | 6.4% | 6.3% | 6.3% | 6.3% | 6.3% | 6.2% | 6.2% | 6.1% | 6.1% | |
| D&A as a % of sales | 9.8% | 9.7% | 8.0% | 7.6% | 7.3% | 7.2% | 7.0% | 6.8% | 6.5% | 6.3% | 6.0% | 5.9% | 5.7% | |
| EBITDA | 10.4% | 10.9% | 13.0% | 15.1% | 13.7% | 13.5% | 13.3% | 13.1% | 12.8% | 12.5% | 12.2% | 12.0% | 11.8% | |
| Taxes | -38.9% | -3.8% | 5.9% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | |
| Changes in WC | 5.0% | -9.1% | -1.0% | -1.0% | -1.0% | -0.5% | -0.5% | -0.5% | -0.5% | -0.3% | -0.3% | -0.3% | -0.3% | |
| Capex as a % of sales | -4.4% | -4.0% | -4.8% | -4.3% | -4.0% | -3.8% | -3.6% | -3.5% | -3.3% | -3.0% | -3.0% | -3.0% | -3.0% | |

**Valuation:**

| | |
|---|---|
| Shares outstanding | 86.3 |
| PV of FCF | 307.4 |
| PV of Terminal Value | 162.5 |
| Enterprise Value | 469.9 |
| less: Net Debt | 212.7 |
| Estimated Total Value: | 257.3 |
| **Est Equity Value/share:** | **€ 2.98** |
| Price | € 1.43 |

**Sensitivity Analysis:**

| Discount rate \ Terminal Growth Rates | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% |
|---|---|---|---|---|---|
| 10.00% | € 4.39 | € 4.49 | € 4.59 | € 4.70 | € 4.82 |
| 11.25% | € 3.54 | € 3.61 | € 3.68 | € 3.75 | € 3.83 |
| 12.50% | € 2.89 | € 2.93 | € 2.98 | € 3.03 | € 3.09 |
| 13.75% | € 2.37 | € 2.40 | € 2.43 | € 2.47 | € 2.51 |
| 15.00% | € 1.94 | € 1.97 | € 1.99 | € 2.02 | € 2.05 |

*Source: Company Reports; Stonegate Capital Markets*

## BALANCE SHEET

**Aquafil**
**Consolidated Balance Sheets (€000s)**
**Fiscal Year: December**

| ASSETS | FY2020 | FY 2021 | FY2022 | FY 2023 | FY 2024 | Q1 Mar-25 | Q2 Jun-25 | Q3 Sep-25 | Q4 Dec-25 | FY 2025 | Q1 Mar-26 | Q2 Jun-26 | Q3 Sep-26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Intangibles | 23.6 | 23.6 | 21.6 | 19.1 | 15.2 | 14.2 | 13.2 | 12.3 | 12.0 | 12.0 | 10.9 | 10.1 | 9.5 |
| Goodwill | 13.6 | 14.7 | 15.6 | 15.1 | 16.1 | 15.4 | 14.2 | 14.2 | 14.2 | 14.2 | 14.5 | 14.7 | 14.7 |
| PP&E | 229.5 | 240.5 | 247.5 | 251.6 | 233.9 | 224.2 | 212.7 | 206.7 | 197.7 | 197.7 | 201.7 | 199.1 | 196.9 |
| Financial assets | 0.7 | 0.7 | 0.8 | 0.5 | 1.0 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 1.1 | 1.2 | 1.2 |
| Investments | - | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Other assets | 1.3 | 0.6 | 0.4 | - | - | - | - | - | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Deferred tax | 14.6 | 12.3 | 11.5 | 18.5 | 29.2 | 30.4 | 30.6 | 31.7 | 30.5 | 30.5 | 31.2 | 33.1 | 34.0 |
| **Total Non-Current Assets** | **283.2** | **293.4** | **298.5** | **305.9** | **296.4** | **286.2** | **272.6** | **266.8** | **256.6** | **256.6** | **260.7** | **259.4** | **257.6** |
| Inventories | 150.9 | 177.2 | 260.8 | 189.5 | 197.5 | 192.1 | 187.0 | 179.3 | 172.8 | 172.8 | 171.4 | 183.0 | 186.4 |
| Receivables | 22.0 | 31.2 | 28.6 | 26.2 | 20.4 | 30.9 | 30.8 | 26.6 | 20.0 | 20.0 | 29.5 | 28.4 | 29.2 |
| Financial assets | 0.8 | 0.9 | 10.0 | 5.7 | 1.0 | 2.5 | 1.1 | 1.2 | 2.3 | 2.3 | 5.4 | 8.2 | 10.9 |
| Tax receivables | 1.8 | 0.4 | 0.6 | 1.6 | 1.5 | 1.6 | 1.0 | 0.9 | 0.9 | 0.9 | 1.0 | 1.1 | 1.2 |
| Other assets | 12.0 | 12.9 | 15.9 | 14.6 | 8.0 | 9.7 | 8.9 | 9.4 | 7.5 | 7.5 | 9.9 | 10.4 | 9.4 |
| Cash & cash equivalents | 209.0 | 152.7 | 110.7 | 157.7 | 130.4 | 101.4 | 112.8 | 157.2 | 165.5 | 165.5 | 153.3 | 155.9 | 165.5 |
| **Total Assets** | **679.7** | **668.7** | **725.0** | **701.2** | **655.3** | **624.4** | **614.2** | **641.5** | **625.6** | **625.6** | **631.1** | **646.2** | **660.2** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | | | | | | | | | |
| Share capital | 49.7 | 49.7 | 49.7 | 49.7 | 53.4 | 53.4 | 53.4 | 53.4 | 53.4 | 53.4 | 53.4 | 53.4 | 53.4 |
| Reserves | 76.6 | 91.7 | 96.5 | 101.4 | 121.3 | 96.6 | 80.7 | 81.0 | 82.6 | 82.6 | 83.7 | 87.3 | 88.9 |
| Group net results | 0.6 | 10.7 | 29.2 | (25.8) | (16.3) | 0.4 | 2.2 | 0.4 | (4.7) | (4.7) | 1.2 | 3.4 | 3.3 |
| **Total Parent Net Equity** | **126.9** | **152.1** | **175.4** | **125.3** | **158.4** | **150.4** | **136.3** | **134.7** | **131.3** | **131.3** | **138.3** | **144.0** | **145.6** |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | - | 0.0 | - | - | - | - | - | - | - |
| **Total Consolidated Equity** | **126.9** | **152.1** | **175.4** | **125.3** | **158.4** | **150.4** | **136.3** | **134.7** | **131.3** | **131.3** | **138.3** | **144.0** | **145.6** |
| Employee benefits | 6.0 | 5.9 | 5.2 | 5.1 | 4.6 | 4.5 | 4.5 | 4.4 | 4.3 | 4.3 | 4.2 | 4.0 | 3.9 |
| Financial liabilities | 352.6 | 263.4 | 285.4 | 308.7 | 241.5 | 223.3 | 230.1 | 282.5 | 282.4 | 282.4 | 270.9 | 260.2 | 274.6 |
| Provisions for risks and charges | 1.5 | 1.9 | 2.0 | 1.7 | 1.6 | 1.5 | 2.7 | 2.7 | 2.5 | 2.5 | 2.3 | 2.3 | 1.7 |
| Deferred tax liabilities | 11.8 | 11.2 | 9.2 | 13.3 | 12.8 | 13.0 | 11.0 | 10.8 | 9.6 | 9.6 | 9.7 | 10.1 | 10.4 |
| Other liabilities | 11.8 | 10.8 | 9.0 | 5.9 | 4.1 | 3.4 | 2.7 | 2.6 | 1.6 | 1.6 | 1.4 | 1.5 | 1.2 |
| **Total Non-Current Liabilities** | **383.6** | **293.2** | **310.7** | **334.7** | **264.6** | **245.7** | **251.0** | **303.0** | **300.4** | **300.4** | **288.5** | **278.1** | **291.8** |
| Financial liabilities | 76.0 | 69.4 | 83.1 | 103.2 | 103.2 | 102.1 | 102.4 | 102.9 | 94.9 | 94.9 | 97.3 | 100.7 | 103.6 |
| Current tax payables | 1.2 | 1.7 | 3.6 | 1.2 | 0.2 | 1.9 | 1.4 | 1.2 | 1.1 | 1.1 | 1.3 | 1.6 | 2.3 |
| Trade payables | 69.2 | 126.6 | 126.8 | 116.0 | 109.2 | 104.3 | 101.2 | 80.5 | 77.4 | 77.4 | 84.1 | 100.3 | 97.1 |
| Other liabilities | 22.8 | 25.6 | 25.2 | 20.8 | 19.6 | 20.0 | 21.9 | 19.1 | 20.6 | 20.6 | 21.7 | 21.5 | 19.9 |
| **Total Current Liabilities** | **169.2** | **223.3** | **238.8** | **241.2** | **232.3** | **228.4** | **226.9** | **203.7** | **194.0** | **194.0** | **204.4** | **224.2** | **222.8** |
| **Total Liabilities and Shareholders' Equity** | **679.7** | **668.7** | **724.9** | **701.2** | **655.3** | **624.4** | **614.2** | **641.5** | **625.6** | **625.6** | **631.1** | **646.2** | **660.2** |
| **Liquidity** | | | | | | | | | | | | | |
| Current Ratio | 2.3x | 1.7x | 1.8x | 1.6x | 1.5x | 1.5x | 1.5x | 1.8x | 1.9x | 1.9x | 1.8x | 1.7x | 1.8x |
| Quick Ratio | 1.5x | 0.9x | 0.7x | 0.9x | 0.7x | 0.6x | 0.7x | 1.0x | 1.0x | 1.0x | 1.0x | 0.9x | 1.0x |
| Working Capital | € 227.3 | € 151.9 | € 187.7 | € 154.1 | € 126.5 | € 109.9 | € 114.7 | € 170.9 | € 175.0 | € 175.0 | € 166.1 | € 162.7 | € 179.8 |
| **Leverage** | | | | | | | | | | | | | |
| Net Debt to Equity | 173.0% | 118.5% | 147.0% | 203.0% | 135.4% | 148.9% | 161.2% | 169.3% | 161.3% | 161.3% | 155.4% | 142.5% | 146.1% |
| Net Debt to Capital | 63.4% | 54.2% | 59.5% | 67.0% | 57.5% | 59.8% | 61.7% | 62.9% | 61.7% | 61.7% | 60.9% | 58.8% | 59.4% |

*Source: Company Reports, Stonegate Capital Partners*

# INCOME STATEMENT

**Aquafil**
**Consolidated Statements of Income (in €000s, except per share amounts)**
**Fiscal Year: December**

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | Q1 Mar-25 | Q2 Jun-25 | Q3 Sep-25 | Q4 Dec-25 | FY 2025 | Q1 Mar-26 | Q2 Jun-26 | Q3 Sep-26 | Q4 E Dec-26 | FY 2026E | Q1 E Mar-27 | Q2 E Jun-27 | Q3 E Sep-27 | Q4 E Dec-27 | FY 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | € 436.6 | € 569.7 | € 684.1 | € 571.8 | € 542.1 | € 144.0 | € 137.1 | € 120.9 | € 118.8 | € 520.8 | € 133.8 | € 135.7 | € 129.8 | € 134.8 | € 534.0 | € 140.4 | € 133.2 | € 130.8 | € 137.6 | € 542.1 |
| Other revenue & inc | 10.3 | 4.6 | 13.0 | 8.9 | 8.9 | 2.9 | 3.4 | 2.7 | 4.5 | 13.5 | 1.8 | 2.0 | 1.5 | 2.0 | 7.3 | 1.9 | 2.1 | 1.5 | 2.0 | 7.5 |
| **Total Revenues** | **446.9** | **574.3** | **697.1** | **580.7** | **551.0** | **146.9** | **140.5** | **123.6** | **123.3** | **534.3** | **135.6** | **137.8** | **131.3** | **136.8** | **541.3** | **142.3** | **135.3** | **132.3** | **139.7** | **549.6** |
| Operating Expenses: | | | | | | | | | | | | | | | | | | | | |
| Cost of raw materials | 209.8 | 283.6 | 317.8 | 291.6 | 250.4 | 64.6 | 56.8 | 53.5 | 50.2 | 225.1 | 58.0 | 58.1 | 55.7 | 57.6 | 229.3 | 60.8 | 56.6 | 54.8 | 59.5 | 231.6 |
| **Gross Profit** | **237.0** | **290.7** | **379.3** | **289.1** | **300.6** | **82.3** | **83.8** | **70.1** | **73.1** | **309.3** | **77.6** | **79.7** | **75.5** | **79.2** | **312.0** | **81.5** | **78.7** | **77.5** | **80.2** | **317.9** |
| Service costs | 86.1 | 112.6 | 168.5 | 126.9 | 122.8 | 34.8 | 33.3 | 30.1 | 28.5 | 126.8 | 30.2 | 31.6 | 32.7 | 32.1 | 126.7 | 31.9 | 30.3 | 29.6 | 31.3 | 123.1 |
| Labor costs | 101.9 | 114.2 | 126.9 | 125.0 | 121.6 | 31.8 | 32.6 | 26.7 | 31.3 | 122.4 | 30.1 | 29.5 | 27.4 | 27.0 | 114.0 | 27.5 | 27.5 | 27.5 | 27.5 | 110.0 |
| Other operating costs | 4.4 | 3.4 | 4.0 | 3.6 | 3.3 | 0.6 | 1.0 | 0.8 | 0.8 | 3.3 | 0.8 | 0.8 | 1.0 | 1.0 | 3.6 | 1.0 | 1.0 | 1.0 | 1.0 | 4.0 |
| D&A | 43.6 | 45.0 | 47.9 | 49.6 | 54.1 | 12.9 | 14.4 | 12.1 | 12.5 | 51.9 | 11.3 | 11.2 | 10.5 | 10.5 | 43.4 | 10.5 | 10.5 | 10.5 | 10.5 | 42.0 |
| Provisions & write downs | 0.6 | 0.3 | 0.2 | (0.7) | (0.1) | 0.1 | 1.4 | (0.0) | 0.2 | 1.7 | 0.0 | 0.0 | 0.0 | - | 0.0 | - | - | - | - | - |
| Recovery/(write down) of financial assets | 0.3 | (0.1) | (0.0) | 0.0 | 0.3 | - | - | - | 1.6 | 1.6 | 0.0 | - | - | - | 0.0 | - | - | - | - | - |
| Internal work capitalized | (5.8) | (6.1) | (5.7) | (6.3) | (4.4) | (0.9) | (1.3) | (1.5) | (1.3) | (4.9) | (0.8) | (0.5) | (0.9) | (0.5) | (2.8) | (0.5) | (0.5) | (0.5) | (0.5) | (2.0) |
| Total Operating Expenses | 231.1 | 269.2 | 341.7 | 298.2 | 297.6 | 79.4 | 81.4 | 68.3 | 73.5 | 302.7 | 71.6 | 72.6 | 70.7 | 70.1 | 285.0 | 70.4 | 68.8 | 68.1 | 69.8 | 277.1 |
| **Operating Income** | **5.9** | **21.5** | **37.6** | **(8.9)** | **3.3** | **2.9** | **2.3** | **1.8** | **(0.4)** | **6.6** | **6.0** | **7.1** | **4.8** | **9.1** | **27.0** | **11.2** | **9.9** | **9.3** | **10.4** | **40.8** |
| Interest & Investment income | 0.4 | 0.9 | 4.6 | 0.4 | 0.8 | 0.3 | 0.4 | - | - | 0.7 | 0.7 | 0.8 | - | 0.5 | 2.0 | 0.5 | 0.5 | 0.5 | 0.5 | 2.0 |
| Interest expense | (8.0) | (7.6) | (8.4) | (14.4) | (15.0) | (4.1) | (3.8) | 0.3 | (4.3) | (12.0) | (4.2) | (4.2) | 1.3 | (0.9) | (8.0) | (0.8) | (0.8) | (0.8) | (0.8) | (3.4) |
| Other gains/loses | 1.8 | (0.2) | 3.1 | (3.2) | (6.8) | 1.9 | 2.6 | (4.3) | (0.5) | (0.3) | (1.3) | (1.6) | (4.9) | (0.1) | (7.9) | (0.1) | (0.1) | (0.1) | (0.1) | (0.4) |
| **Profit Before Taxes** | **0.1** | **14.6** | **36.9** | **(26.0)** | **(17.6)** | **1.0** | **1.4** | **(2.2)** | **(5.2)** | **(4.9)** | **1.3** | **2.0** | **1.2** | **8.6** | **13.0** | **10.7** | **9.5** | **8.9** | **9.9** | **39.0** |
| Provision for Income Tax | (0.5) | 3.9 | 7.7 | (0.1) | (1.3) | 0.6 | (0.3) | (0.4) | (0.1) | (0.3) | 0.0 | (0.1) | 1.2 | 0.4 | 1.6 | 0.5 | 0.5 | 0.4 | 0.5 | 2.0 |
| **Net Income** | **0.6** | **10.7** | **29.2** | **(25.8)** | **(16.3)** | **0.4** | **1.8** | **(1.8)** | **(5.1)** | **(4.7)** | **1.2** | **2.1** | **(0.1)** | **8.1** | **11.4** | **10.2** | **9.0** | **8.4** | **9.4** | **37.1** |
| **EBITDA** | **€ 58.4** | **€ 72.1** | **€ 92.3** | **€ 47.5** | **€ 62.4** | **€ 17.1** | **€ 21.3** | **€ 16.6** | **€ 17.5** | **€ 72.4** | **€ 19.8** | **€ 20.7** | **€ 17.5** | **€ 21.6** | **€ 79.7** | **€ 22.4** | **€ 21.2** | **€ 20.6** | **€ 21.6** | **€ 85.8** |
| **Margin Analysis** | | | | | | | | | | | | | | | | | | | | |
| Gross Margin | 53.0% | 50.6% | 54.4% | 49.8% | 54.6% | 56.0% | 59.6% | 56.7% | 59.3% | 57.9% | 57.2% | 57.9% | 57.5% | 57.9% | 57.6% | 57.3% | 58.2% | 58.6% | 57.4% | 57.8% |
| Operating Margin | 1.3% | 3.7% | 5.4% | -1.5% | 0.6% | 2.0% | 1.7% | 1.5% | -0.3% | 1.2% | 4.5% | 5.1% | 3.6% | 6.7% | 5.0% | 7.8% | 7.3% | 7.0% | 7.4% | 7.4% |
| EBITDA Margin | 13.1% | 12.5% | 13.2% | 8.2% | 11.3% | 11.6% | 15.1% | 13.4% | 14.2% | 13.6% | 14.6% | 15.0% | 13.3% | 15.8% | 14.7% | 15.7% | 15.7% | 15.6% | 15.5% | 15.6% |
| Pre-Tax Margin | 0.0% | 2.5% | 5.3% | -4.5% | -3.2% | 0.7% | 1.0% | -1.8% | -4.3% | -0.9% | 0.9% | 1.5% | 0.9% | 6.3% | 2.4% | 7.5% | 7.0% | 6.7% | 7.1% | 7.1% |
| Net Income Margin | 0.1% | 1.9% | 4.2% | -4.5% | -3.0% | 0.3% | 1.3% | -1.5% | -4.1% | -0.9% | 0.9% | 1.6% | 0.0% | 6.0% | 2.1% | 7.2% | 6.7% | 6.4% | 6.8% | 6.7% |
| Tax Rate | -654.4% | 26.9% | 20.9% | 0.6% | 7.3% | 59.2% | -24.1% | 18.0% | 2.5% | 5.1% | 3.2% | -4.8% | 105.1% | 5.0% | 12.3% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| **Growth Rate Y/Y** | | | | | | | | | | | | | | | | | | | | |
| Total Revenue | | 28.5% | 21.4% | -16.7% | -5.1% | -1.5% | -1.2% | -5.8% | -3.9% | -3.0% | -7.7% | -2.0% | 6.2% | 10.9% | 1.3% | 5.0% | -1.8% | 0.8% | 2.1% | 1.5% |
| Total cost of revenues | | 16.5% | 26.9% | -12.7% | -0.2% | 5.7% | 7.6% | -5.2% | -1.5% | 1.7% | -9.9% | -10.8% | 3.6% | -4.7% | -5.8% | -1.7% | -5.2% | -3.7% | -0.4% | -2.8% |
| Operating Income | | 262.3% | 74.9% | -123.6% | -137.5% | 241.3% | 4.4% | 124.0% | -27.4% | 99.1% | 110.2% | 202.0% | 165.6% | -2280.6% | 309.2% | 84.6% | 40.2% | 94.9% | 13.9% | 50.9% |
| Pre-Tax Income | | 18386.1% | 152.5% | -170.5% | -32.3% | -126.2% | -146.0% | -31.0% | -27.9% | -71.9% | 19.9% | 40.9% | -153.7% | -263.3% | -363.8% | 751.9% | 365.4% | 654.2% | 15.9% | 199.2% |
| Net Income | | 1690.3% | 173.2% | -188.7% | -36.9% | -113.8% | -159.3% | -32.0% | -32.1% | -71.2% | 184.6% | 19.0% | -96.7% | -259.1% | -343.9% | 735.8% | 321.9% | ######## | 15.9% | 224.1% |

*Source: Company Reports, Stonegate Capital Partners estimates*

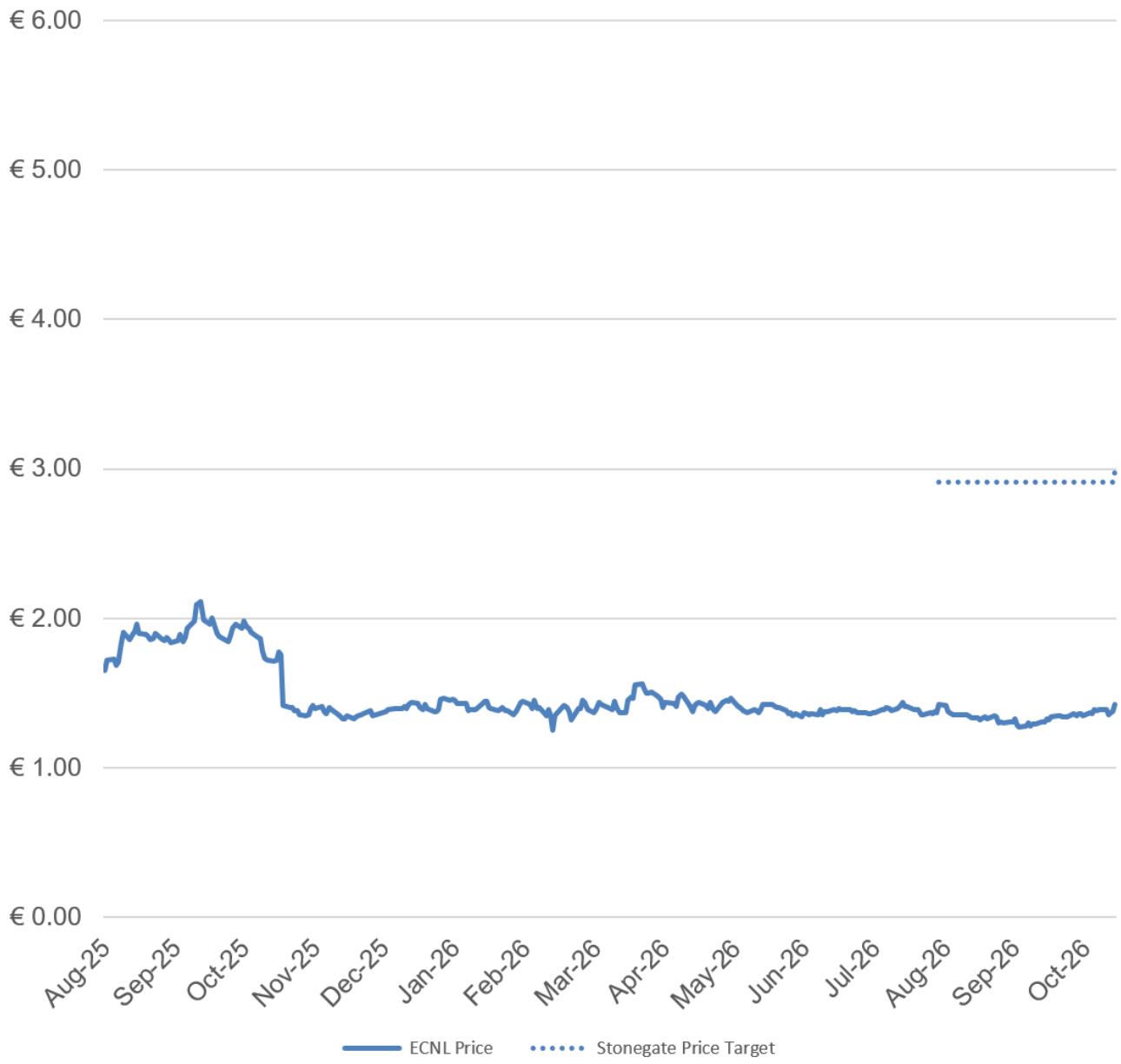
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Stonegate Capital Partners, Inc.
Dave Storms, CFA
Dave@stonegateinc.com
214-987-4121




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