



ISSUER RATING
LongTerm

OUTLOOK
Evolving



INSTRUMENT RATING
Senior Unsecured 10 M €

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Rating Action and Rationale

- EthiFinance Ratings initiates the long-term rating of Logo d.o.o. (Logo) at BB+ with an Evolving outlook. EthiFinance Ratings also initiates the instrument rating for the contemplated bond issuance at BB+ for up to €10m.
- Logo is a Serbian information & telecommunications infrastructure network company. The company is a small-size player that operates mainly in Serbia, although it aims to diversify its business in the Balkans and the European Union.
- The corporate rating is mainly supported by Logo's overall good financial profile, characterised by a limited leverage given the low capital intensity of its business. At end-2024, the adjusted net leverage stood at 2.3x. Over our forecast period (2025-27), we expect Logo's financial ratios to slightly improve driven by a significant growth in revenues, and by extension, improved profitability. Logo is a project-based company, which has contracted important projects in Serbia linked to the development of infrastructure in the country. Consequently, for FY25, revenues grew to c. €36.0m (vs €16.3m in FY24), as per preliminary figures, and are expected to grow further from FY26 onwards (c. €110.2m in FY26). Likewise, adjusted EBITDA reached c. €3.8m in FY25 (vs €1.5m in FY24) and is expected to be around €10.6m in FY26. However, in the meantime, we expect the adjusted net debt to deteriorate given the ongoing new projects and the working capital needs. While we expect Logo to benefit from significant upfront payment from customers, from FY25 onwards, we adjust net debt for 50% of forecast advances, thereby factoring in potential significant swings in working capital during the year, and the related impact on the adjusted net leverage ratio. As a consequence, the adjusted net leverage ratio will probably be around 2.0x on average over our forecast period. Our rating is also supported by the good diversification of Logo in terms of activities within the information and telecommunications industry, the company operating in telecommunications, technology services, and electrical engineering, and serving many end-markets and clients.
- The rating is constrained by our assessment of the industry in which Logo operates. The information and telecommunication network industry is highly cyclical as revenues are linked to infrastructure investments. In addition, barriers to entry are limited, particularly for small players with limited R&D competitive advantage. Moreover, Logo generates c. 80% its revenues in Serbia, with the percentage to remain high over our forecast period as the projects in the pipeline of Logo are mainly concentrated in Serbia. Finally, as Logo works as a project-based company with limited recurring revenues and potentially high swings in revenues and EBITDA depending on the nature of the projects, we have applied the high volatility table, which weights negatively on the assessment of the financial profile.
- The Evolving outlook materializes the potential delays in revenue, linked to the percentage of completion of projects at year-end. This also highlights the importance of a timely roll-out of advances to finance working capital needs, and the potential impact on credit metrics should there be any delays or changes in commercial terms. Both situations could weigh on the credit rating going forward.
- The information technology industry has medium ESG risks under our methodology (sector heatmap score between 3 and 3.5). This results in a sector assessment which is not impacted by industry-related considerations. The sector has a medium impact on climate, but the fast growth of both the infrastructure business and the use of IT, increase the use of energy and related GHG emissions. However, impact in terms of pollution and biodiversity is limited, despite some growing issues regarding waste generation and recycling. Regarding supply chain, the industry is heavily reliant on suppliers based in China, Taiwan and some emerging countries, which creates dependency risks and work impacts. The industry is moderately reliant on consumer choices while it may suffer breaches of cybersecurity with a significant impact on disclosure of personal data. The IT industry benefits from a supportive environment as states and regions compete to be the home of a tech hub, and regulation is favourable, except for some dominant corporations which may be penalized by states for anti-competitive practices.
- Our assessment of Logo's ESG policy is neutral (company ESG score between 1.5 and 3.5), which has no impact on our financial assessment. Logo is penalised by its governance framework which is not yet formalised, and lacks independence. Social factors are average but characterised by certifications in management quality, health and safety. The proportion of women is good, while the accident frequency rate is limited. Regarding environmental factors, the group does not report GHG emissions or energy consumption. Given Logo's size, the company is not obliged to comply with ESG reporting requirements. On a more positive note, Logo has some environmental certifications.
- The recovery of the contemplated €10m, unsecured bond is average, constrained by the country bucket to which Serbia belongs, as per our recovery calculation methodology. Consequently, the rating for the contemplated €10m bond is in line with the long-term rating of the issuer, at BB+.

Company Description

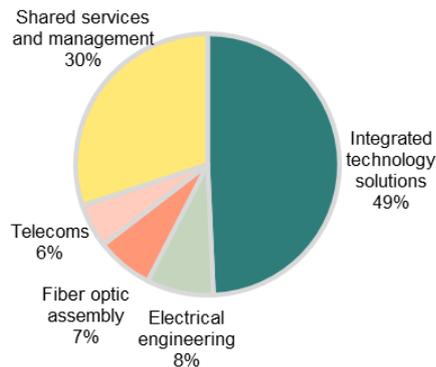
Headquartered in Belgrade (Serbia), Logo d.o.o. was founded in 1990. The company operates in the information and communication technologies sector, and in particular in the telecommunication infrastructure network sector. The company's activities are mainly located in Serbia, but the company also exhibits some presence in Germany and other Balkan countries.

Logo had 165 employees located in Serbia at end-2024, with most of them being engineers, technicians and site managers.

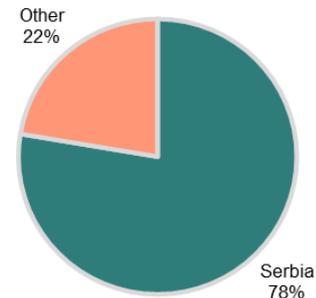
The group has 4 business lines:

- Integrated technology solutions: largest business line of the group (c. 49% of FY24 revenues), providing a wide range of low-voltage systems (video surveillance, fire protection, building management systems, and anti-drone technologies).
- Electrical engineering: (c. 8%), responsible for the building of electrical systems up to 1,000 volts (electric motor drive, electrical power supply for buildings, airfield ground lighting, photovoltaic power plants, etc.).
- Telecommunications: (c. 6%), focusing on construction of optical infrastructure and mobile networks.
- Fiber optic assembly: (c. 7%), assembling optical cable components under a license from a supplier.
- In addition, for some specific projects, Logo sells equipment (lighting, audio, network, security equipment, etc.) to its clients. These revenues are reported in shared services and management (c. 30% of FY24 revenues).

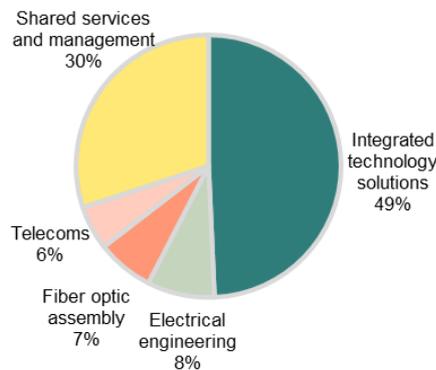
Revenues by Segment in FY24
(in %)



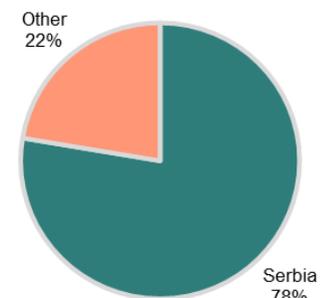
Revenues by Region in FY24
(in %)



Revenues by Segment in FY24
(in %)



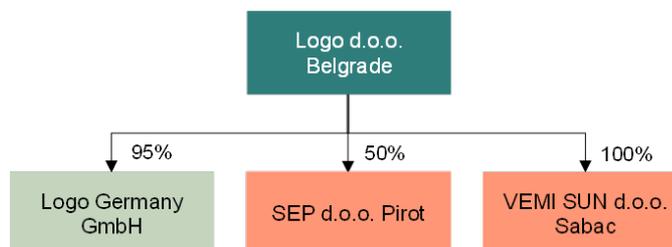
Revenues by Region in FY24
(in %)



Logo is a private company, owned by its founders, Miodrag Veljković and Sanja Veljković, (50% each). Their son, Jovan Veljković, has been the CEO of Logo since 2021.

Our assessment of the company has been based on Logo's statutory accounts, as this is the main operating entity, generates the main revenues, and concentrates the bulk of net debt. Logo d.o.o. holds a 95% stake in Logo Germany

GmbH, which has the same activities as Logo but addresses the EU market. Its business remains limited so far in Logo's perimeter, with €1,495k revenues in FY24. Likewise, Logo is also the shareholder of two SPVs (SEP and VEMI SUN) which are related to solar projects and are standalone entities, according to management, with no significant EBITDA generation or net debt. Logo reports under IFRS standards in Serbian dinar (RSD). The financial statements have been converted into EUR in this report, considering the relative stability between the EUR and the RSD.



Source: management

Fundamentals

Business Risk Profile

Industry Risk Assessment

- Cyclical sector with good growth prospects in Serbia, supported by the ongoing implementation of new technologies and infrastructure investments

The information and communication technologies sector encompasses all activities related to digital infrastructure (data centers, telecom networks, cybersecurity systems, etc.). The sector is composed of equipment suppliers, network operators, and specialist service providers. They play a crucial role in the deployment and maintenance of digital infrastructure such as 4G, 5G, fiber optic and cloud infrastructures. The sector is by nature cyclical given the limited visibility of the long-term topline growth as demand for infrastructure and telecommunications equipment depends on the economic and technological cycles. Growth prospects for the sector are limited globally, as the equipment rate is already high in developed countries, and the telecommunication infrastructure network has experienced a slowdown in capex over recent years on the back of slower mobile data growth. However, developing countries have enjoyed higher penetration rates.

In Serbia, the sector is supported by the development of infrastructures and networks. The country is engaged in significant investment plans to improve infrastructures in the country. In particular, the "Leap into the Future Serbia EXPO 2027" development plan, linked to the hosting of EXPO 2027 in Belgrade, is expected to represent c. € 17.8bn investments over 2024-27 (c. 23% of 2024 GDP). The investments are focused on expo facilities including residential housing, a new national stadium, as well as public transportation. In addition, regarding telecommunications infrastructures, Serbia is not covered by 5G network, while 4G/4G+ network is concentrated on urban areas, and FTTH (Fiber-to-the-Home)'s current coverage is below the average of European countries, with a 53.9% coverage rate of homes (vs 69.9% for the EU 39 countries as per the FTTH Council Europe). The development of telecommunications infrastructure network is supported by the government of Serbia with a strategic roadmap for the period 2024-2027 focused on: (i) the reduction of digital disparity between urban and rural regions, with a target of 83% of households covered with very high-capacity networks (vs 63% in 2024), and (ii) the implementation of 5G network, with a target of 40% of the households covered by 2027 (vs 0% in 2024).

Consequently, the Serbian market is expected to grow over the next 3 years. Other countries in the rest of the Balkans have similar infrastructure investment needs to Serbia, which supports the current growth prospects.

- Medium barriers to entry for local field services players within the information and communication technologies sector

Equipment assembly and field services related to the deployment of infrastructure and networks are generally outsourced to small-to-medium size players such as Logo, which are mainly local players. They can benefit from competitive advantages as the local authorities might impose local suppliers, local production or partnerships with local companies in the deployment of infrastructure network. This is reinforced by protectionism, sovereignty issues and national security concerns. In addition, given the cyclicity of projects, global players can have recourse to smaller players to outsource a part of the projects.

However, overall, they benefit from lower R&D capacities, bargaining power with suppliers (in particular related to the supply of raw materials which are critical to the sector), and capacity to comply with certification requirements

(cybersecurity certifications, operational standards, etc.).

- **Satisfactory profitability but flexible cost base required to adapt to cyclicity**

The sector's level of profitability is good, with an EBIT margin of c. 10% on average for the information and telecommunication infrastructure network players. Given the cyclicity of revenues, flexibility on the cost base is important to be able to maintain a satisfactory level of profitability when projects decrease. Concerning the telecommunication network sector, over the past few years, Ericsson and Nokia have announced significant cost reduction plan, with mainly staff cuts (respectively 9% and 16% of their headcount), to face challenging market conditions and in particular the slowdown in the deployment of 5G. However, the volatility of profitability can be mitigated by recurring revenues, such as services and maintenance of networks, licensing, etc. The main players tend to grow their recurring activities, but these remain limited in the breakdown of their revenues.

Regarding Serbian players, there are mainly infrastructure network providers (IT, telecommunications, energy). They have margins slightly below that of the sector norm with an EBITDA margin of c. 10-11% on average. However, volatility is very high, with a margin spread from 4% to 15%. Compared to large players, they usually benefit from higher flexibility and a lower cost structure with limited capital intensity (low R&D expenses). They are also sometimes subcontractors for large players, such as Dot Networks, KBV Datacom, or TeamEnerg.

- **Neutral ESG assessment of the industry**

The information technology industry, in which the information and telecommunications infrastructure network sector is included, has medium ESG risks under our methodology (sector heatmap score between 3 and 3.5). This results in a sector assessment which is not impacted by industry-related considerations. The sector has a medium impact on climate, but the fast growth of both infrastructure and the use of IT increase the use of energy and related GHG emissions. However, impact in terms of pollution and biodiversity is limited, despite some growing issues regarding waste generation and recycling. Regarding supply chain, the industry is heavily reliant on suppliers based in China, Taiwan and some emerging countries, which creates dependency risks and work impacts. The industry is moderately reliant on consumer choices while it may suffer breaches of cybersecurity with a significant impact on disclosure of personal data. The IT industry benefits from a supportive environment as states and regions compete to be the home of a tech hub, and regulation is favourable, except for some dominant corporations which may be penalized by states for anti-competitive practices.

Competitive Positioning

- **Logo is local player with good positioning in Serbia despite strong competition**

Logo is a local player within the information and telecommunications infrastructure network sector. The market is highly fragmented with no direct peer given the wide range of Logo's activities. According to the company, Logo had a c. 3% market share in Serbia in 2023. The Serbian market is very fragmented with the 9 main players sharing c. 40% of the market, of which Dot Networks (8.5%), Interfast (7.0%), and KBV Datacom (5.5%) are the main players.

Logo holds licenses to work for different ministries in Serbia in different complex areas (security systems, electrical systems, safety systems, etc.). Logo also holds ISO certifications which are global standards, enhancing the credibility of the company.

Regarding its supply chain, Logo has low bargaining power given its size than larger peers. However, most of the supplies are equipment installed by Logo, which are billed to its clients. For the purchase of raw materials and more volatile supplies, the contracts include price adjustments clauses. One of the main risks related to supply concerns the currency risk. The RSD is a free-floating currency, but the National Bank of Serbia intervenes occasionally to avoid excess volatility. Indeed, compared to the EUR, the RSD has been very stable over the last 10 years. In addition, according to the management, changes in FX rates are also included in the contracts.

- **Good diversification in terms of activities but concentration of revenues in Serbia**

Logo has a wide range of activities within the information and communication technology sector. It notably includes network and communication systems, infrastructure safety systems, data centres, telecommunications infrastructure (optical infrastructure and mobile network), along with building automation and electrical systems (low voltage installation, photovoltaic power plants, facade lighting, etc). In addition, the group has a fiber optic assembly activity for one of its suppliers. Through these activities, Logo address a large number of end-markets.

However, geographical diversification remains limited, with almost 85% of Logo's revenues generated in Serbia over 2022-24. Logo has some activities with clients based in Switzerland, and Croatia mainly, where it opened a branch office in 2025. Logo has also operated a subsidiary in Germany since 2022, to address EU markets, and opened a competence centre in Montenegro in 2025.

Regarding customers, over FY22-24, the top 10 customers accounted for c. 77% of revenues on average, and the

largest single customer for c. 26%. However, from one year to another, the leading and top 10 customers vary significantly, given the project-based nature of Logo's business model, which mitigates our assessment of client concentration. Logo has indeed a diversified customer base, with companies and government clients.

Shareholder Structure and Governance

- **Logo owned by the founders**

Logo is owned by its founders, Miodrag Veljković and Sanja Veljković (50% each), who started the company in 1990. Between 2008 and 2022, Logo had different shareholders, while the founders kept minority stakes. From 2008 to 2019, the regional private equity fund, SEAF South Balkan, was the main shareholder, while from 2020 to 2022, Logo was controlled by the US SaaS logistics provider, GetSwift. In 2022, Logo was bought back by its founders.

Miodrag, who has retired, acts as an advisor for Logo, while Sanja is a director, but is not involved in daily operations. Both also compose the shareholders' assembly of Logo. In addition, Miodrag owns stakes in other companies, some of which are related to Logo. In particular, the headquarters in Belgrade are leased to Logo by a company that belongs to him.

- **Adequate financial policy supported by experienced management**

According to the company, the management is organized around the CEO and executive director of electrical engineering, Jovan Veljković, the CFO and head of the shared services division, Anja Milovanović, and the 3 executive directors of the other business lines. However, they are not recognized as executive directors in the company's formal governance documentation, despite holding executive authority within Logo.

Jovan Veljković, the CEO since 2021, is the son of the founders and shareholders of Logo. Before joining Logo in 2018, he worked for SEAF (Small Enterprise Assistance Funds), a US investment company focused on small companies in emerging markets, and BCG.

We assess the financial policy as adequate with a contained net leverage (below 2.0x on average over 2022-24). Logo's business requires only limited capex, but the cyclical nature of its operations means that it needs some financial flexibility. The company has no formalised dividend policy, and dividend payout has varied from one year to another over 2022-24. Over our forecast period, the payout ratio is expected to be around 50%.

Given the project-based nature of its activities, the budget of Logo is designed based on the backlog of projects for the coming year. Only the projects with at least a 50% probability of realisation are included in the budget. For the largest projects, a separate P&L is prepared. Every quarter, the CFO and head of business lines adjust the forecasts for the year based on budget execution and the stage of completion of projects.

- **ESG Policy**

Our assessment of Logo's governance is impacted by the company's lack of independent oversight and absence of formalised governance bodies. In particular, Logo has no formalised board of directors, its founders act as the general assembly.

Logo is a services company with limited impact on the environment, notably limited pollution and carbon emissions. The company has not yet calculated its carbon footprint and its electrical consumption. However, Logo has been certified ISO 14001 for environmental protection since 2015. Regarding social factors, Logo has been certified ISO 9001 for quality management and ISO 45001 for health and safety, respectively since 2015 and 2018. Logo also has a good proportion of women within its workforce and a low accident frequency rate.

Given Logo's size and current ESG regulation in Serbia, the company is not yet obliged to comply with any ESG requirements. However, as a supplier and a subcontractor for some European companies, implementation of formal ESG standards would be an important competitive advantage for Logo.

Financial Risk Profile

We have assessed the financial profile of Logo based on the audited FY22-FY24 financial statements, the preliminary FY25 figures (non-audited), and the business plan from the management.

Sales and Profitability

- Sales, results and profitability levels

Profitability, thousands of EUR (1)					
	FY22	FY23	FY24	23vs22	24vs23
Turnover	27 630	17 307	16 288	-37,4%	-5,9%
Gross Margin	80,7%	67,5%	60,3%	-13,2pp	-7,1pp
Adj. EBITDA	1 719	1 448	1 369	-15,8%	-5,5%
Adj. EBITDA Margin	6,2%	8,4%	8,4%	2,1pp	0,0pp
EBIT	961	964	1 103	0,3%	14,4%
EBIT Margin	3,5%	5,6%	6,8%	2,1pp	1,2pp
Financial expenses	(141)	(171)	(204)	-21,3%	-19,3%
EBT	545	759	705	39,3%	-7,1%

⁽¹⁾ Converted from RSD

Logo is a project-based company whose revenues are generated by its different projects, recorded at the completion of each phase of the project. Due to its project-based nature and the low part of recurring revenues (below 5% of total revenues), Logo has significant volatility in revenues. Between FY22 and FY24, revenues decreased by 41% from €27.6m in FY22 to €16.3m in FY24.

In FY22, revenues mainly came from a significant project in Serbia to introduce wi-fi networks (40% of revenues). In FY23 and FY24, revenues were more diversified with the main projects representing respectively 18% and 20% of revenues and were related to low-voltage systems installation.

Gross margin is also volatile as the COGS depend on the projects and can include the sale of equipment (lighting, audio, network, security equipment, etc.), with lower gross margin for Logo. In FY24, gross margin was at 60.3% (vs 67.5% in FY23) as the part of revenues from purchased merchandise was higher.

EBITDA decreased over the period 2022-24, due to the decrease in revenues. However, the EBITDA margin remained stable between FY23 and FY24 at 8.4%. Logo's cost structure is mainly composed of variable costs while fixed costs remain limited and concerned mainly salaries from shared services business unit, insurance, maintenance, taxes and fees.

Financial expenses are also limited and concern mainly interest expenses related to short-term debts and fees related to guarantees. Indeed, as per the contracts, clients usually require banks guarantees for the execution risk of the project (20% advance payment, 10% performance guarantee, and 10% retention guarantee).

Leverage and Coverage

- Good leverage and interest coverage ratios

At end-2024, the gross debt amounted to €3,854k and was composed of:

- €1,426k of financial leases, mainly related to properties (€1,074k);
- €2,428k of short-term debt, mainly short-term loans.

Logo has a pool of five regional banks, providing short-term lines (revolving, project financing, loan, etc) and guarantees.

Adjusted net financial debt amounted to €3,104k at end-2024, and the adjusted net leverage ratio stood at 2.3x (vs 2.0x at end-2023).

We do not include in the cash adjustments deposits made with customers for certain contracts, as we consider this to be restricted cash, as well as loans to related parties.

For FY24, our interest coverage ratio (EBITDA/interest) stood at 6.7x, compared to 8.5x in FY23. This deterioration is linked to higher debt while interest rates remained stable.

Most of Logo's debt, short-term debt and leases, is at variable rates. The group has no hedging policy.

NFD/EBITDA. thousands of EUR (1)			
	FY22	FY23	FY24
Loans	856	1 518	2 419
Other	6	5	9
IFRS 16 leases	1 850	1 820	1 426
Reported TFD	2712	3343	3854
Debt adjustments	-	-	-
Adjusted TFD	2 712	3 343	3 854
Cash and equivalents	534	482	750
Adjusted NFD	2 178	2 861	3 104
EBITDA	1 719	1 448	1 369
Adjusted NFD/EBITDA	1,3x	2,0x	2,3x

⁽¹⁾ Converted from RSD

Cash Flow Analysis

- Good cash-flow generated by Logo's activities

Logo usually generates positive recurring cash-flow from operations, despite some change in working capital which might impact cash generation.

Cashflow generated internally (after investments and leases payment) was positive in FY24 with limited capex and despite dividends. Capex concerned mainly investments made in vehicles, and IT. In addition, Logo invested in two SPVs related to solar projects (SEP d.o.o. and VEMI SUN d.o.o.) for which the company performed the construction work. The group plans to invest in one SPV / year over our forecast period. This will require around €1-1.5m investment per year. Dividends paid to shareholders amounted to c. €539k in FY24, corresponding to a 85% payout ratio (vs c. €584k in FY23).

Debt variation concerned short-term debt repayment and new drawing to finance the working capital needs. At end-2024, cash amounted to €750k (vs €482k at end-2023).

In FY25, cashflow generated internally improved due to advances received from customers while working capital requirements, linked to the new projects contracted, and significant capex (€4.0m), had a negative impact. We expect the free cashflow before dividend to improve in FY26 as the negative working capital impact, linked to the new projects contracted, is expected to be compensated by advances from customers. However, it is expected to deteriorate in FY27 considering lower advances from customers.

Cash flow. thousands of EUR (1)					
	FY22	FY23	FY24	23vs22	24vs23
Funds From Operations	1 387	1 145	1 183	-17,4%	3,3%
Adj. Funds From Operations	1 387	1 145	1 183	-17,4%	3,3%
+/- WC changes	4 872	(600)	(227)	-112,3%	62,2%
Adj. Operational Cash Flow	6 259	545	956	-91,3%	75,3%
Capex	(473)	(103)	(79)	78,1%	23,2%
M&A	(27)	(349)	-	-1191,3%	100,0%
Other	306	554	(8)	80,8%	-101,5%
Net Investment Cash Flow	(194)	102	(88)	152,8%	-185,9%
IFRS 16 lease repayments	(186)	(240)	(270)	-29,2%	-12,6%
Adj. Free Cash Flow	5 880	408	598	-93,1%	46,8%
+/- changes in capital	-	-	-	n.a.	n.a.
- Dividends	(285)	(584)	(539)	-104,8%	7,8%
Cash flow Generated Internally	5 595	(176)	60	-103,2%	133,9%

⁽¹⁾ Converted from RSD

Capitalisation

- Good capitalisation ratio, expected to deteriorate

Logo's assets are mainly current assets, with long-term assets representing below 20% of the total assets. They are mainly composed of leases related to properties (headquarters, production facilities and warehouses), to vehicles which are rented, and IT equipment. Current assets concern mainly receivables from customers (most of them were not overdue at end-2024), and inventories.

Main liabilities of Logo are spread between equity, financial debt and account payables. The capitalisation ratio (equity/total financial debt) is good - over 120% between 2022 and 2024 - despite some slight deterioration. Over our forecast period, we expect this ratio to deteriorate and be below 50% on average, with a low point in FY26 given the expected increase in adjusted debt.

Asset structure and financing, thousands of EUR (1)					
	FY22	FY23	FY24	23vs22	24vs23
Total Assets	13 657	12 293	14 074	-10,0%	14,5%
Non Current Assets	2 730	2 926	2 516	7,2%	-14,0%
Current Assets	10 927	9 367	11 558	-14,3%	23,4%
Working Capital	2 856	4 515	4 214	58,1%	-6,7%
Equity	3 896	3 952	4 017	1,4%	1,6%
Adj. Total Financial Debt (aTFD)	2 712	3 343	3 854	23,3%	15,3%
Adj. Net Financial Debt (aNFD)	2 178	2 861	3 104	31,4%	8,5%
Equity/aTFD	143,7%	118,2%	104,2%	-25,4pp	-14,0pp
aNFD/Adj. EBITDA	1,3x	2,0x	2,3x	0,7x	0,3x
Adj. EBITDA/Adj. Interest	12,2x	8,5x	6,7x	-3,7x	-1,8x

⁽¹⁾ Converted from RSD

Liquidity

- Good liquidity profile with a high level of liquidity

At end-2025, Logo had a high level of liquidity with c. €10m of undrawn short-term lines. Given the new projects contracted, we expect a deterioration of the working capital which is expected to be compensated by advances from customers. However, in case of significantly lower advances from customers (c. 50%), liquidity would deteriorate. Logo can finance its working capital needs with its current debt agreements. As outlined before, the company has only short-term debt which can be expected to be rolled out. Thus, we assess Logo's liquidity profile as "Good", the highest level on our long-term rating scale.

Modifiers

Controversies

Over the course of our review, we have found no significant controversies regarding the group.

Country Risk

The majority of Logo's activities are concentrated in Serbia (sovereign rating of BBB-/Ba2/BB+ by S&P, Moody's, and Fitch, respectively), considered as an emerging country with a business default risk assessment of C (the 6th level on a scale from 1 to 8) by credit insurer COFACE. In light of the country risk assessments, its emerging risk and corruption risk, among other characteristics, the rating for Logo is capped at BB+ (the 2nd best sovereign rating for Serbia) which has no impact on our final rating of Logo.

Financial Projections

Our financial forecasts (2025-27) have been based on the preliminary FY25 figures and the business plan shared by the company for the period 2026-29. For FY26, the budget is based on projects in implementation phase and on new projects contracted. For FY27, the business plan is based on new projects contracted or with a probability of realisation above 50%, and on expected organic growth for current activities.

- Revenues are expected to grow strongly with new projects signed related to infrastructure development in Serbia. These projects will represent c. 70% of Logo's revenues over 2025-27.
- Excluding strategic projects, revenues are expected to grow by c. 30% on average over 2025-27 driven by organic growth related to new solar projects in Serbia, the development of fibre business abroad, as well as residential and hospitality activities in Serbia (hotel solutions, electrical solutions for homes).
- In FY25, revenue growth was limited compared to the initial business plan as some ongoing projects have been delayed.
- EBITDA margin is expected to be around 10.0% over our forecast period on average.
- Capex will remain limited and will mainly concern solar projects development (c. €1.5m/year).
- Excluding advances from customers, working capital deteriorated in FY25 in relation to ongoing new projects, and is expected to further deteriorate in FY26 given the backlog. However, considering advances from customers which are expected to be important from FY25 onwards, working capital deterioration is expected to

be controlled.

- The adjusted net leverage ratio is expected to slightly improve over our forecast period, with an average net leverage around 2.0x. However, from FY25 onwards, we adjust debt for 50% of advances from customers corresponding to working capital swings.

Issue Profile

In order to diversify its debt structure, Logo plans to issue a bond for which the term sheet is still under discussion, but whose main characteristics as communicated by management are as follows:

- Issuer: Logo d.o.o.
- Issue size: up to €10,000k
- Maturity: 3 to 5 years, amortised or bullet
- Interest rate: 6%
- Status: unsecured

Recovery

Our recovery analysis is based on the higher of (i) the net asset value, which derives from the book value of assets and liabilities after application of any discounts specific to each asset/liability (depreciation below), and (ii) the enterprise value, calculated on the basis of a multiple of distressed EBITDA.

This distressed EBITDA represents the level of EBITDA at which the company will be forced to seek bankruptcy protection or push the company creditors to enforce their rights. This distressed EBITDA is therefore the EBITDA level at which the company will not be able to face its fixed obligations as it has already depleted its liquidity sources.

Our scenario of default is forecast over a 3-year period and based on assumptions of adverse business conditions for Logo, with only the contracted projects incurred (50% for FY26 and FY27) but at a lower margin. The default occurs when the liquidity sources have been depleted, and the distressed EBITDA is therefore not enough to cover the addition of the interest, principal amortization and capex.

As the distressed enterprise value is higher in a going concern scenario, we have opted for this method of analysis.

In our recovery analysis, we consider in Logo's financial debt the contemplated bond of €10m, a proportion of the outstanding guarantees, and additional withdrawn of short-term loans.

Company info

Issuer	Logo d.o.o.	
Sector	Telecom and cable	
Country	Serbia	Group 2
Country cap	YES	
Sectorial valuation multiple	5.5x	

Liquidation value analysis

	Actual value	Depreciation %	Discounted value
Cash in hand	424	0%	424
Financial assets	4 716	20%	3 773
Customer instalments		0%	-
PP&E	2 551	50%	1 276
Inventories	10 676	50%	5 338
Receivables	10 436	20%	8 349
Less payables	(7 352)	0%	(7 352)
Other payables	(1 908)	0%	(1 908)
Advances from customers	(15 797)	0%	(15 797)
Net asset book value			(5 898)

Going concern analysis

Distressed Multiple	5.5x	Sector	Current EBITDA	3 764
Distressed EBITDA	3 370		-10% Implied discount rate to current EBITDA	
Distressed EV	18 535			

Greater of distressed EV and net asset book value	18 535
Less administrative claims	10%
Value available for claims distribution	16 682

Priority	Amount	Concession to junior creditor	Value recovered	Recovery rate	Value left for below ranking creditors
Litigation & earn-out					
Value available for creditors	16 682				16 682
1st rank debt					
Senior debt (parantees and credit lines)	8 000	-	8 000	100%	8 682
Bond unsecured	10 000	-	8 682	87%	-
Concession payment:	Up to 5% of the recovery value available to a relatively senior creditor is allocated to concession payments to a more junior creditor.				
Payer of concession allocation:	n/a				
Value available to them:	8 682				
Concession allocation:	0%				
Concession value:	-				

The recovery rate derived from our analysis is 87%. Given the fact that Logo operates mainly in Serbia, a country considered in the group 2 category as per our methodology, our recovery rate is capped in the average category (31-60%). This implies no denotch/upnotch to our long-term issuer rating.

Main Financial Figures

Main financial figures, thousands of EUR (1)						
	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Turnover	17 307	16 288	36 017	110 171	96 288	-5,9%
Adj EBITDA (2)	1 448	1 369	3 764	10 597	9 035	-5,5%
Adj EBITDA Margin	8,4%	8,4%	10,4%	9,6%	9,4%	0,0pp
EBIT	964	1 103	2 833	8 070	6 863	14,4%
EBIT Margin	5,6%	6,8%	7,9%	7,3%	7,1%	1,2pp
EBT	759	705	3 021	7 763	6 098	-7,1%
Total Assets	12 293	14 074	31 876	87 385	72 452	14,5%
Equity	3 952	4 017	5 389	8 639	11 231	1,6%
Adj Total Financial Debt (3)	3 343	3 854	9 328	31 411	24 227	15,3%
Adj Net Financial Debt	2 861	3 104	8 904	20 339	14 363	8,5%
Equity/TFD	118,2%	104,2%	57,8%	27,5%	46,4%	-14,0pp
Adj NFD/Adj EBITDA	2,0x	2,3x	2,4x	1,9x	1,6x	0,3x
Adj Funds From Operations	1 145	1 183	3 603	9 167	7 558	3,3%
Adj FFO/Adj NFD	40,0%	38,1%	40,5%	45,1%	52,6%	-1,9pp
Adj EBITDA/Adj Interest	8,5x	6,7x	52,8x	28,3x	13,6x	-1,8x

⁽¹⁾ Converted from RSD

⁽²⁾ Adjusted for other operating revenues, one-off items, rebates, cost overrun and impairments

⁽³⁾ Adjusted for 50% of advances from customers from FY25 onwards

Based on the audited FY23-FY24 financial statements, the preliminary FY25 figures (non-audited), and the business plan from the management.

Credit Rating

Credit Rating	
Business Risk Profile	BB
Industry risk assessment	BB+
Industry's ESG	Neutral
Competitive Positioning	B+
Governance	BB-
Financial Risk Profile	BB+
Cash flow and leverage	BBB
Solvency	B
Company's ESG	Neutral
Anchor Rating	BB+
Modifiers	-
Rating	BB+

Rating Sensitivity

- Long-term rating positive factors - corporate rating (↑)

Logo's long-term rating could be upgraded to BBB- if the group manages to improve its financial metrics. In particular, a net leverage ratio below 1.0x over a sustain period could entail a rating upgrade.

However, Logo's rating is also capped by the 2nd best rating of Serbia (BB+). An upgrade of Serbia's sovereign rating would therefore be required to upgrade Logo's rating regardless of the improvement in other credit drivers. In that respect, it is to be noted that Serbia's credit rating currently has a positive outlook at both Moody's and Fitch.

- Long-term rating negative factors - corporate rating (↓)

Given the project-based characteristic of Logo's activities, the delay and/or the cancellation of some projects might

deteriorate the financial profile of the company, as well as lower advance from customers. In particular, an adjusted net leverage ratio of 2.0x or above for a sustained period could trigger a downgrade of our long-term rating to BB-

- **Long-term rating positive factors - instrument rating (↑)**

An upgrade of the rating of the contemplated bond to BBB- would be mainly triggered by an upgrade of the long-term rating of Logo or a change in the characteristics of the bond with notably additional guarantees.

- **Long-term rating negative factors - instrument rating (↓)**

Our current rating of the contemplated bond is based on the characteristics presented above which might differ from the final ones, any significant changes to the conditions (e.g. size or guarantee) might impact our rating.

In addition, a downgrade of our instrument rating to BB would be mainly entailed by a downgrade of the long-term rating of Logo.

Sources of information

The credit rating assigned in this report has been requested by the rated entity, which has also taken part in the process. It is based on private information as well as public information. The main sources of information are:

1. Annual Audit Reports.
2. Corporate Website.
3. Information published in the Official Bulletins.
4. Rating book provided by the Company.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are:
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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