



ISSUER RATING
LongTerm

OUTLOOK
Stable



INSTRUMENT RATING
Senior Unsecured 3 M €

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Rating Action and Rationale

- EthiFinance Ratings initiates the long-term rating of JOVISTE D.O.O PALIC, assigning a BB- rating with a Stable outlook. EthiFinance Ratings also initiates the rating of the upcoming Joviste €3m bond, assigning a BB- rating.
- JOVISTE D.O.O PALIC (“Joviste”) is a Serbian mid-sized manufacturer and installer of construction joinery; primarily PVC and aluminium windows, doors and facades.
- Our ratings are mainly supported by Joviste’s satisfactory financial risk profile, with EthiFinance Ratings’ net adjusted leverage at a level of 3.7x at end-2024, which is expected to gradually improve to reach 2.0x by end-2027. The capitalisation ratio is averaging 80% over the rating period (FY23–FY27e). Our ratings are also supported by the “building products” subsector, which has good level of profitability and steady growth prospects, in line with urbanism development and energy renovation frameworks. With a domestic market share of 3.9% at end-2024, Joviste remains a small player in the Serbian B2B and B2C PVC and aluminium joinery segment. The company’s planned expansion into key regional markets, including Germany, Croatia, Romania, and Italy, represents the main revenue growth driver and could support improved pricing power and margin generation thanks to large B2B order intakes. This is particularly in higher value-added aluminium-based products. The planned €3m bond issuance in 2026, under the Serbian CBI programme, is expected to refinance €1.0m of upcoming bank debt maturities and fund up to €1.65m of CapEx, including the extension of the existing production plant and new automation machines. We view this bond issuance as supportive of liquidity flexibility. Based on a net asset book value approach, the recovery rate of the waterfall analysis done on Joviste’s accounts at end-2025 stood at 63%, reflecting a “Good” recovery assessment. As such, we have kept the instrument rating at the level of the corporate rating of BB-.
- In FY24, Joviste reported revenue growth of 1% yoy and an EBITDA margin of 12.7%, down from 16.4% in FY23. This was due to raw materials price inflation and higher personnel costs following salary increases. As of end-September 2025, the revenues achieved were higher by 38% yoy, indicating strong growth momentum in FY25. EBITDA was already at the level of FY24 at €659k, with an improved margin of 13.2% (vs 12.7% in FY24). We expect this margin level to be slightly improved in FY25 to the 14% level, in line with management’s internal financial reporting. EthiFinance Ratings net adjusted leverage ratio stood at 3.7x in FY24 and is expected to improve gradually from 3.2x in FY25 to 2.0x by FY27. We consider this level as favorable for a capital goods corporate issuer. Interest coverage was 3.0x in FY24 and is expected to improve and remain around 4.9x on average over our forecast horizon. The stable Outlook reflects our expectation that sustained credit metrics improvement, supported by strong order intake and a disciplined financial policy, will enable Joviste to maintain its BB- rating over the forecast period.
- However, our ratings are constrained by the company’s weak business risk profile, reflecting its small scale, and limited domestic market share (“Local” scale under our rating methodology). This positioning exposes Joviste to competitive pricing from larger peers, limited pricing power, and substitution risk in a fragmented, low-barriers to entry industry. The company’s modest scale also reduces its financial and operational flexibility, against construction sector downturns and cyclical supply chain disruptions. Our rating is further constrained by the relatively low interest coverage.
- Under our methodology, the company operates in the capital goods sector, specifically in the building products subsector. Regarding ESG-related risks, we believe this sector carries medium-to-high ESG risks under our methodology (sector heatmap score between 3.5 and 4). This results in a one-notch downward adjustment to the sector rating driven by industry-related ESG considerations. At company level, based on available ESG data for the 2022–24 period, we assess the company’s ESG profile as neutral (ESG score between 1.5 and 3.5). This results in an overall ESG assessment that is impacted by the industry-related negative adjustment to the business risk profile.

Company Description

Joviste is a Serbia-based manufacturer of PVC and aluminium joinery (windows/doors) and higher-spec architectural solutions such as façade elements. The company was founded in 2007 and launched production in Palić. In 2016, it acquired and renovated an industrial facility and holds a track record of capacity modernisation (CNC upgrades) and portfolio expansion into aluminium since 2021. Joviste’s main business divisions are split as follows:

- PVC systems (48% of FY24 revenues)
- Aluminium systems (18% of FY24 revenues)
- Merchandise (18% of FY24 revenues)
- Aluminium facades, folding doors, insect screens (9% of FY24 revenues)
- Services of assembly, installation and maintenance (7% of FY24 revenues)

Joviste's main market is Serbia (local market) with 79% of revenues and the remainder is export to the EU (Germany, Hungary, Croatia).

In FY24, Joviste reported revenues of €5.2m for EBITDA of €0.7m (equivalent to a margin of 12.7%). The EthiFinance Ratings net adjusted leverage ratio stood at 3.7x in FY24. At end-September 2025, it had achieved LTM revenues of €6.5m for LTM EBITDA of €0.8m and a LTM net adjusted leverage ratio of 3.5x.

Fundamentals

Business Risk Profile

Industry Risk Assessment

- **The Serbian joinery market is very fragmented and is closely tied to the construction sector cycles**

Based on the total revenues of Joviste's main competitors, the Serbian market for joinery manufacturing was assessed at c. €129m in 2024. The leading players generated around €53m, representing around 41% of total sector revenues. While revenue data is available, the profitability benchmarks for peers are not disclosed. For building products, we estimate sector-average EBITDA margins in the 10%-14% range, with volatility primarily driven by construction cycle dynamics. In 2024, the value of construction works in Serbia increased by 8.6% yoy, reaching €6.8bn. This reflected sustained activity in new build and renovation markets supporting demand for windows, doors, and related building products. Belgrade and Novi Sad remain the most dynamic construction hubs, accounting for more than half of the national construction market value.

The Serbian PVC and aluminium joinery market is highly fragmented, with more than 2000 domestic players (retailers, distributors, manufacturers). Its fragmentation stems from the relatively low barriers to entry, as reflected by the limited technological complexity, broad availability of raw materials, and moderate CapEx requirements. In this context, product quality and installation capabilities remain key differentiators, enabling stronger customer retention and supporting less aggressive pricing. For players targeting EU exports, market access requires CE certification, with quality certifications (ISO 9001, 14001, 50001) also taken into consideration.

- **A Serbian joinery market driven by PVC and aluminium materials**

Market data for 2023 (latest available data) show that PVC joinery represented c. 57% of the Serbian joinery market, followed by aluminium at 39% (up 5% vs 2022), while wooden joinery accounted for 4% and is expected to continue to decline. We expect the upward trend in aluminium products to persist over the medium term, supported by energy-efficiency requirements and the increasing share of higher-specification construction projects. Growth in Serbia's construction sector directly supports demand for joinery products, particularly for PVC and aluminium windows, doors, and façades that comply with noise and thermal insulation requirements. Serbia also remains structurally reliant on imports for PVC joinery, with imports of €39m versus exports of up to €23m in 2024. This indicates the potential for increased domestic production capacity and import substitution (Source: WITS (World Bank) and UN Comtrade databases).

- **ESG assessment of PVC manufacturing and aluminium components**

The capital goods industry carries medium-to-high ESG risks under our methodology (sector heatmap score between 3.5 and 4). This results in a one-notch downward adjustment to the sector rating, due to the industry-related ESG considerations. The manufacturing of PVC and aluminium components is typically associated with high energy intensity and a material Scope 1 & 2 emissions footprint. The use of chemical inputs (PVC resins, aluminium extrusions), as well as scrap and off-cuts, requires structured waste management plans (sorting and recycling). In Serbia, sector players are subject to the waste management law and related legislation; failure to submit a compliant waste management plan in accordance with the applicable legal framework may lead to fines. In addition, the aluminium sector is known for its strong inherent recyclability capabilities and circularity potential, both of which (i) materially reduce electricity demand tied to primary aluminium smelting and refining, (ii) partially mitigate raw material cost volatility, as well as the exposure to waste generation, and (iii) supports long-term competitiveness (procurement specifications, economic value of scrap).

Competitive Positioning

- **Competitive weaknesses and historical revenue decline partly mitigated by a strong order backlog and ongoing structured expansion plan**

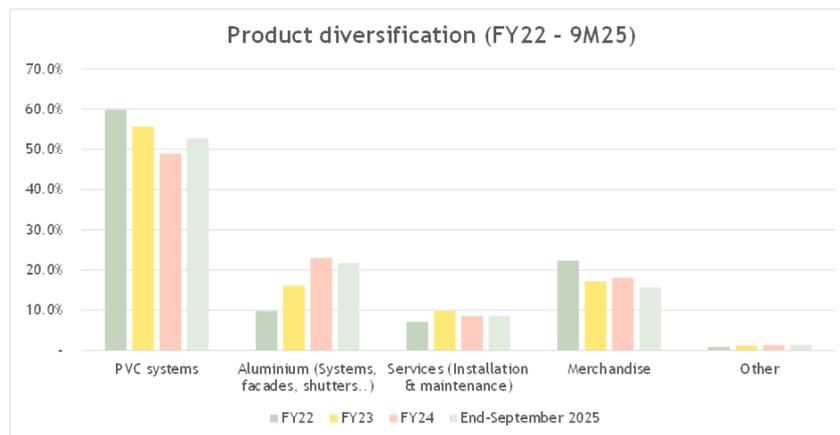
Joviste's market share by revenue stood at 3.9% at end-2024, with revenues declining since FY22, negatively impacting the company's scaling strategy. This underperformance contrasts with the strong growth recorded by key competitors over the same period, including Smaj Produkt Lazarevo Selo (+33%), Y Company Beograd (+26%), and Ljubenković Vinča (+21%). Given the highly substitutable and low-technology nature of PVC and aluminium joinery, we view Joviste's limited brand recognition in the domestic market, and by extension in regional markets (Germany,

Croatia, Italy, Greece..), as a constraint on the company's competitive positioning.

In a market where not all the producers uniformly meet EU standards; quality differences (e.g., hardware/mechanisms) lead to performance variance and an after-sales risk. The pricing and quality vary significantly by profile system, hardware brand, and installation service. In this context, Joviste's main differentiators remain its reliable delivery performance, manufacturing precision, and product quality. This is embedded in its joint production program (JPP) with large German polymer manufacturer "Rehau". The ongoing factory extension is expected to be completed by March 2026, providing additional space to install new aluminium production capacity, and increase automation rate. We believe that this should enhance the company's ability to accommodate larger order volumes, and support scaling in higher value-added segments. Management targets to become one of the leading domestic producers by 2030, aiming for >10% market share in Serbia, alongside a stronger export orientation. The company intends to raise exports to 50% of revenues (from 20% currently), supported by an export-led growth strategy. Under its 2025–2030 production plan, aluminium joinery and façade systems are expected to increase their revenue contribution to 40% by 2027, and 50% by 2030 (from 22% currently), thus positioning aluminium as the main driver of future growth and margin expansion.

One of the tailwinds for the company's growth strategy is that it operates in compliance with national and EU-aligned regulatory requirements for PVC and aluminium joinery production. Its manufacturing processes are certified by the ift Rosenheim Institute (Germany), and it is an accredited partner of the REHAU Group, a major German polymer systems manufacturer and the company's main supplier of PVC raw materials. These certifications and quality compliance provide a solid platform to support both domestic expansion and export development as they're considered key differentiators in tenders and public projects.

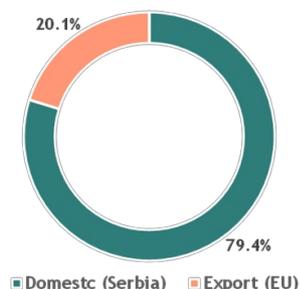
- Customer exposure due to the company's small scale and a geographic concentration to the Serbian market



Source: Joviste

PVC systems are the core product line, representing 53% of the product mix at end-September 2025, although growth momentum is gradually shifting toward aluminium-based joinery, ventilated façades, glass railings, and glass office partitions. Aluminium products have indeed recorded continuous growth since FY22, which is expected to improve the group's profitability margins going forward as a substantial portion of the aluminium-based products (ventilated façades, glass railings, glass office partitions, and aluminium façade cladding) is shifted from factory production to on-site installation. This involves a relatively small part of the workforce. In addition, Joviste maintains open-ended contracts with local and regional suppliers (Poland, Germany, Hungary) for key raw materials, including aluminium, PVC, glass, steel, panels and iron. Given the company's small scale, we view long-term relationships with established suppliers as essential to ensure consistent input quality, operational reliability, and reduce the exposure to supply-chain disruptions.

Geographic diversification as of end-September 2025



Source: Joviste

Joviste is primarily concentrated in its domestic market, with c. 80% of revenues generated in Serbia. Its customer base mainly comprises domestic real estate developers and construction companies. The portfolio includes several counterparties active in major urban areas (Belgrade, Novi Sad and Subotica). The largest customer (NS Square Grandja DOO) accounted for 18% of revenues as of 9M25, while the top 10 clients represented 52%. This reflects a concentrated customer mix, where a limited number of large contractors drive most of revenue and profitability, while smaller retail clients are more numerous, but only contribute marginally. Given the project-based nature of the joinery market and the company's current scale, this level of concentration is not unusual, as contracts are typically one-off, and renewed through a continuous pipeline of new projects with other clients. The ongoing factory expansion is expected to support larger order volumes over time, which could structurally increase average contract size and gradually reduce reliance on a narrow domestic customer base.

Shareholder Structure and Governance

- **A small family-owned limited liability company with an ambitious growth strategy, which will require disciplined execution**

Joviste is a family-owned company controlled by Biljana Mišanović, who also serves as CEO. Despite operating since 2009, the company has recorded modest revenue growth, reflected in its limited domestic positioning, with an estimated 3.9% of market share as of end 2024. In 2022, Joviste implemented a new management structure, centralised around two executive directors: Siniša Mišanović (Sales & Production) and Dragan Kosanović (Logistics, Finance & Administration). The management has maintained net leverage at an appropriate level through a prudent financial policy, supported by a strong capitalisation profile driven by retained earnings, as the company has historically not distributed dividends. Going forward, management's execution capacity will be tested through the successful completion of the company's ambitious domestic and regional expansion strategy. The potential €3m bond issue under the Serbian CBI program would extend the debt maturity profile through a bullet structure, increase the share of fixed rate funding, and provide more liquidity friendly refinancing alternative to the existing amortizing variable-rate bank debt. Given Joviste's small scale, its ability to secure larger contracts with domestic and regional real estate developers, while maintaining a prudent financial policy will remain a key rating sensitivity over our forecast period.

Financial Risk Profile

Sales and Profitability

- A volatile revenue trajectory with fluctuating profitability margins over the historical period

Profitability. Thousands of €.						
	2022	2023	9M24	2024	9M25	24vs23
Turnover	5 805	5 152	3 626	5 177	5 007	0.5%
Gross Mg	37.7%	39.1%	37.1%	37.1%	37.9%	-2.0pp
EBITDA	482	847	520	658	659	-22.3%
EBITDA Mg	8.3%	16.4%	14.3%	12.7%	13.2%	-3.7pp
EBIT	291	637	366	455	513	-28.5%
EBIT Mg	5.0%	12.4%	10.1%	8.8%	10.2%	-3.6pp
Financial expenses	(91)	(161)	(139)	(218)	(148)	35.4%

The revenue decline in FY23 reflects a sales decrease in PVC systems, driven by lower project volumes and competitive pressures in this segment. Despite a weaker top-line performance, the EBITDA margin improved to 16% in FY23, from 8% in FY22. This was primarily due to a workforce reduction from 94 to 67 employees in August 2022, lowering personnel expenses from €1.2m in FY22 to €0.7m in FY23, and thereby partially offsetting the impact of revenue contraction on operating margins. In FY24, revenue growth remained modest at 0.5%, insufficient, though, to fully absorb the inflationary pressures related to raw material and energy costs, higher personnel expenses following salary increases, and incentives for the remaining workforce. As of 9M25, EBITDA was already at the level of FY24 at €659k, with an improved margin of 13.2%. We expect this margin level to slightly improve for the full year to 14%, in line with management's internal financial reporting. This reflects a cost optimisation programme that has been margin-supportive, while remaining broadly neutral to operational efficiency.

While Joviste is advancing in its scaling strategy, with 9M25 revenues nearly matching FY24 levels and an expected 42% revenue growth in FY25 (driven by new contracts in Novi Sad), profitability remains exposed to external cost volatility. With approximately 60%–70% of total costs being variable, the margin expansion depends more on pricing discipline, product mix optimisation and cost control than on pure volume growth. To mitigate input cost volatility, Joviste applies a dynamic pricing framework that regularly updates material and labor costs, incorporates a standard overhead allocation, and applies a uniform target margin, in order to determine final selling prices. Commercial rebates may be granted based on customer annual turnover and order volumes, allowing some flexibility while preserving overall profitability margins. From FY26, revenue and profitability growth are expected to be driven by the current pipeline of large contracts signed in Croatia (€3m) and Italy (€2m), primarily linked to subsidised energy-efficiency programmes. These include residential building projects in Croatia (24 buildings contracted to date) and public-sector projects in Italy, such as the ongoing façade installation at a hospital in Tuscany. On this basis, we expect Joviste to deliver a revenue CAGR of around 27% over 2024–2027, supported by growth in the higher value-added aluminium façade and joinery segment; both domestically and regionally.

Leverage and Coverage

- Net adjusted leverage commensurate with our rating with a rather low interest coverage

Net debt and interest coverage calculations. Thousands of €.			
	2023	2024	9M25
ST bank debt	591	547	727
LT bank debt	2 023	2 500	2 584
Total Financial Debt (Reported)	2 614	3 047	3 311
Capitalised car leasing	-	-	26
Factoring	-	0	43
Total Financial Debt (Adjusted)	2 614	3 047	3 380
Cash & cash equivalents (-)	(136)	(209)	(159)
ST financial placements (-)	(210)	(421)	(417)
Net Financial Debt (Adjusted)	2 268	2 417	2 804
LTM EBITDA (end of period)	847	658	797
Adj NFD / LTM EBITDA	2.7x	3.7x	3.5x
LTM Debt interest expenses (end of period)	(161)	(218)	(227)
LTM EBITDA / LTM Interest	5.3x	3.0x	3.5x

Joviste's debt profile reflects average net adjusted leverage, with debt funding fully reliant on variable-rate bank borrowings in EUR and RSD. Gross debt amounted to €3.3m at end-September 2025, with an average interest cost of around 6%. This puts a strain on the interest coverage ratio, which stood at 3.5x at 9M25, and 3.0x at FY24. This is a level below the thresholds associated with the company's BB- rating. The company plans to refinance a part of its bank debt through a €3m bond issuance in FY26, covering expected loan repayments of €1.4m in FY26, and €1.0m in FY27,

thereby increasing its exposure to fixed-rate debt funding. Under EthiFinance Ratings' base case, net adjusted leverage is projected to improve from 3.5x at 9M25, to 3.2x in FY25, 2.6x in FY26, and finally 2.0x by FY27. The interest coverage ratio is forecast to remain at around 4.9x on average over our forecast period, which will remain a key rating constraint despite the strengthening leverage trajectory, and solid capitalisation.

Capitalisation

- A healthy capitalisation ratio

Over the period of 2022–2025, Joviste's capitalisation ratio averaged 79%, reflecting a solid equity buffer. Equity increased by 48%, and represented approximately 37% of total assets on average. We expect the capitalisation ratio to decline to around 65% in 2026, driven by the planned bond issuance, before strengthening to 99% by 2027. Retained earnings should accumulate, and no dividend distribution is expected anytime soon.

Cash Flow Analysis

- Low levels of cash in hand due to tied cash at inventory level

Cash flow. Thousands of €.				
	2022	2023	2024	24vs23%
Funds From Operations	302	567	362	-36.2%
+/- WK changes	-	(489)	(497)	-1.6%
Operational Cash Flow	302	78	(135)	-273.1%
Net Investment Cash Flow	(266)	(376)	(177)	52.9%
Free Cash Flow	36	(298)	(312)	-4.8%
+/- changes in capital	-	-	-	NA
- Dividends	-	-	-	NA
Cash flow Generated Internally	36	(298)	(312)	-4.8%
+/- debt variation	301	137	855	523.5%
+/- financial placements	(13)	145	(299)	-306.2%
+/- changes in exchange rates	-	4	13	225.0%
+/- other financing activities	(85)	(146)	(184)	-25.8%
Cash Variation	239	(158)	73	146.2%
Cash at the start of the period	55	294	136	-53.7%
Cash at the end of the period	294	136	209	53.5%

Joviste has generated positive funds from operations (FFO). While receivables and payables remain broadly in line with normal operating levels, a significant inventory build-up (+59% at end-September 2025 vs FY23) has weighed on working capital. This resulted in a negative yoy working capital variation of €497k, contributing to negative operating cash flow in FY24. For FY25, we expect a more pronounced inventory-related cash outflow of €563k, which would be partly offset by good FFO generation of €696k and a €642k inflow from payables. The investment cash flows in 2022-24 were primarily related to maintenance capex and changes in financial investments, while in 2025-26, they are/will be mainly related to new machinery acquired following the factory extension. As a result, internally generated free cash flow has been negative historically, and is expected to remain so until FY27, when it should turn materially positive, supported by improving FFO, and the lower investment requirements.

Liquidity

- A “Good” liquidity profile backed up by a “Satisfactory” refinancing profile

According to our methodology, Joviste's liquidity profile is “Good” (the highest on our long-term rating scale). This primarily reflects the company's ability to refinance its upcoming bank loans maturities in 2026 and 2027 through the issuance of the €3m bond rating in 2026 as part of the Serbian CBI program. In addition, Joviste's liquidity profile is supported by €3.7m of committed credit lines with its banking pool.

Modifiers

Controversies

Over the course of our analysis, we have not identified any controversy that has a material impact on our rating.

Country Risk

Joviste is highly exposed to Serbian real estate developers, which are associated with domestic construction activity. As such, the company's credit profile remains closely linked to the Serbian regulatory and operating environment, which acts as a constraint on our rating. Currently, Serbia has a sovereign rating of BBB-/Ba2/BB+ by S&P, Moody's, and Fitch, respectively. It is 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. Consequently, since Joviste's corporate and instrument ratings are two notches below Serbia's sovereign credit rating, we do not apply a country risk modifier.

Financial Projections

Over the forecast period, our base case is aligned with management's business plan and is underpinned by the following key assumptions:

- Revenue CAGR of 27% over 2024–2027.
- EBITDA margin maintained within a 14.0%–15.0% range.
- CapEx-to-revenue of 17% in FY25 reflecting the new machines acquired as part of the factory extension plan, and gradually declining investments needs from 8.2% in FY26 to 2% in FY27.
- EthiFinance Ratings' net adjusted leverage declining gradually from 3.2x in FY25 to 2.0x by FY27.
- Interest coverage averaging 4.9x over 2025 – 2027.

Recovery analysis

The recovery analysis as performed by EthiFinance Ratings is typically based on the higher of, i) the net asset value (NAV), derived from the carrying value of assets and liabilities after applying appropriate haircuts, and b) the going-concern value, estimated using a multiple of distressed EBITDA. In Joviste's case, the NAV approach yields the highest recovery value and has therefore been retained as the primary valuation method.

Under this approach, we apply additional discounts to the net book value of inventories, property, plant and equipment (including the planned CapEx to be funded by the €3m bond issuance), and trade receivables, in line with stressed liquidation assumptions. We have also reduced the 1st rank debt by €1m of bank debt repayment, corresponding to the portion that is to be repaid with the proceeds of the bond issuance.

Company info					
Issuer	Joviste				
Sector	Homebuilding, building materials and construction				
Country (Group number)	Serbia	Group 2			
Currency	€k				
Country cap	YES				
Liquidation value analysis as of December 2025					
	Actual value	Depreciation (%)	Discounted value		
Cash in hand	291.8	0%	292		
Financial placements	146.7	40%	88		
PP&E	4704.4	39%	2 847		
Inventories	3365.5	20%	2 692		
Trade Receivables	624.0	20%	499		
Less payables	-1056.0	0%	(1 056)		
Additional value from affiliates, minority interests, other	-	0%	-		
Other liabilities	(360)	0%	(360)		
Net asset book value			5 003		
Greater of distressed EV and net asset book value			5 003		
Less administrative claims	10%		500		
Value available for claims distribution			4 503		
Priority	Amount	Concession to junior creditor	Value recovered	Recovery rate	Value left for below ranking creditors
Value available for creditors	4 503				4 503
1st rank debt (Secured)					
Bank debt	2612.2		2612	100%	1 890
2nd rank debt (Unsecured)					
Bond	3000.0		1890	63%	-

The recovery analysis results in a 63% recovery rate, consistent with a “Good” recovery assessment. This would typically support either a one-notch uplift over the corporate rating or a neutral recovery assessment. We have applied a neutral recovery assessment with no notch uplift, reflecting the subordinated rank of the bond.

Main Financial Figures

Main financial figures. thousands of EUR						
	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Revenues	5151.6	5177.0	7100.0	9000.0	10200.0	0.5%
EBITDA	847.0	657.7	1001.1	1341.0	1489.2	-22.3%
EBITDA Margin	16.4%	12.7%	14.1%	14.9%	14.6%	-3.7pp
EBIT	636.5	455.3	805.5	1071.0	1162.8	-28.5%
EBIT Margin	12.4%	8.8%	11.3%	11.9%	11.4%	-3.6pp
EBT	426.4	211.8	584.7	760.3	898.8	-50.3%
Total Assets	5595.2	6186.4	7873.1	9576.1	9262.4	10.6%
Equity	2213.8	2375.8	2855.3	3463.6	4182.6	7.3%
Adj Total Financial Debt ⁽¹⁾	2614.0	3047.0	3681.2	5304.0	4266.2	16.6%
Adj Net Financial Debt ⁽¹⁾	2268.0	2417.3	3242.7	3404.4	2977.9	6.6%
Equity/TFD ⁽¹⁾	84.7%	78.0%	77.6%	65.3%	98.0%	-6.7pp
Adj NFD/ EBITDA ⁽¹⁾	2.7x	3.7x	3.2x	2.5x	2.0x	1.0x
Adj Funds From Operations	567.0	362.0	696.1	879.3	1026.5	-36.2%
Adj FFO/Adj NFD ⁽¹⁾	25.0%	15.0%	21.5%	25.8%	34.5%	-10.0pp
Adj EBITDA/Adj Interest	5.3x	3.0x	5.0x	4.3x	5.3x	-2.2x

(1) The adjusted debt includes debt-like items including capitalised car leasing and a factoring line with an approved limit of €256k

Credit Rating

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

Rating Sensitivity

- Long-term rating positive factors (↑)

We could upgrade our long-term rating to BB should Joviste's credit metrics improve beyond our current expectations. A positive rating action could be considered if the company achieves a net adjusted leverage ratio of 2.0x or below and an interest coverage ratio of 5.0x or above, on a sustained basis.

An upgrade would also depend on an improvement in the company's business risk profile. This could be, notably through stronger competitive positioning and market share gains in the domestic and regional PVC and aluminium joinery market.

- Long-term rating negative factors (↓)

We could downgrade our long-term rating to B+ if Joviste's credit metrics were to weaken materially relative to our expectations. Downward rating pressure would arise if the net adjusted leverage ratio were to remain at or above 3.2x, and/or if interest coverage were to fall to 3.0x or below, on a sustained basis.

The rating is also sensitive to the company's high customer concentration. A loss of a major contract, or reduced activity from a key client could materially weaken earnings visibility and cash flow generation. This could have significant negative implications for the credit profile and the rating.

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>
 - 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.
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