

<b>Buy</b> <b>EUR 220.00</b> (EUR 200.00)  Price <b>EUR 127.00</b> <b>Upside 73.2 %</b>	<b>Value Indicators:</b> EUR DCF: 218.20	<b>Warburg ESG Risk Score: 2.2</b> ESG Score (MSCI based): 3.0 Balance Sheet Score: 3.5 Market Liquidity Score: 0.0	<b>Description:</b> Leading software company for stationary retailers
	<b>Market Snapshot:</b> EUR m Market cap: 302.4 No. of shares (m): 2.4 EV: 269.3 Freefloat MC: 175.8 Ø Trad. Vol. (30d): 146.34 th	<b>Shareholders:</b> Freefloat 58.15 % Rainer Gläß 23.57 % Stephan Kronmüller 18.29 %	<b>Key Figures (WRe):</b> 2022e Beta: 1.3 Price / Book: 3.1 x Equity Ratio: 68 %

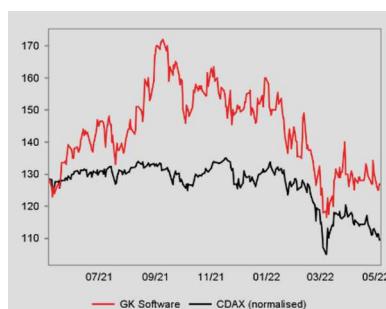
## Cloud transition leaves its mark on earnings; Model adjusted

GK Software presented its final business figures for the 2021 financial year at the end of April. The provisional figures were already published on 28 March. The annual report now allows for a more precise assessment of the key aspects of the business development.

- Cloud:** The further development of the cloud business “burdened” FY 2020 and 2021 somewhat. Although this type of business secures long-term development with its recurring revenues and is generally preferable to the old license-based billing (in advance) as regards the value of a customer relationship, the transformation process poses short-term burdens on earnings. With the same implementation expenses, the cloud model generates significantly lower payments in the short term than a license at the time of conclusion. Simply put, the more customers that decide in favour of the cloud in the short term, the worse the revenues and margins will be during the transformation process (from 2020). This transformation process is also expected to have had a significant impact on the 2021 financial year (half of the new clients (seven vs two in 2020) were cloud customers). Subscription revenues from the cloud rose to EUR 11.2m (+134% from 4.8m). It is becoming apparent that the transformation process is progressing faster rather than slower, with a corresponding burden for the financial years 2021, 2022 and 2023. When assessing the speed (“burden”) of the cloud transformation, GK’s outlook is of particular importance. For 2023, the company still plans sales of EUR 160-175m with an EBIT margin of 15%. This is only possible within the framework of a moderate transformation and appears to be easily achievable from today’s perspective.
- Deutsche Fiskal:** At the end of 2021, the subsidiary was serving around 215 customers. Due to the delay in legislative requirements for fiscalisation in Germany, these customers may have gone live slower than was initially foreseeable. It is therefore unlikely that the full earnings effect of this business area was realised in the fourth quarter of 2021. This should now be the case in 2022 and additionally increases the visibility of recurring revenues for the financial year 2022 and beyond. With the German fiscalisation solution, GK generated sales of EUR 4.8m (only subscriptions) in the full year 2021. In 2022, it should be almost fully rolled out and generate EUR 8m over 12 months, flanked by very high marginal earnings.

These considerations lead to changes in our estimates (see below). The share continues to be rated Buy with a price target of EUR 220 (200).

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2022e (old)	+ / -	2023e (old)	+ / -	2024e (old)	+ / -	
Sales	150.3	-1.5 %	169.8	-0.5 %	n.a.	n.m.	<ul style="list-style-type: none"> <li>The new forecast implies a higher share of cloud accounts in the financial years 2022 and 2023. This is accompanied by a slight reduction in expected earnings and sales. In the long term, however, the model (DCF) expects a slightly higher target margin (17% to 20%) than previously assumed, since cloud contracts are of course much more valuable (especially in the long term) than on-premise agreements</li> <li>Risk-free rate (DCF) was adjusted by +0.5% in all models.</li> </ul>
EBITDA	31.6	-5.3 %	37.7	-4.5 %	n.a.	n.m.	
EBIT	22.1	-6.9 %	27.0	-6.1 %	n.a.	n.m.	
DPS	1.50	-66.7 %	1.50	-33.3 %	n.a.	n.m.	

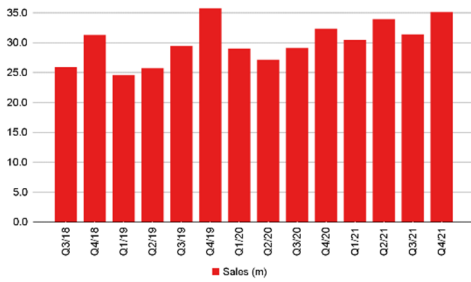


Rel. Performance vs CDAX:	
1 month:	4.4 %
6 months:	-2.0 %
Year to date:	-4.3 %
Trailing 12 months:	15.4 %

Company events:	
27.05.22	Q1
15.06.22	AGM
26.08.22	Q2
24.11.22	Q3

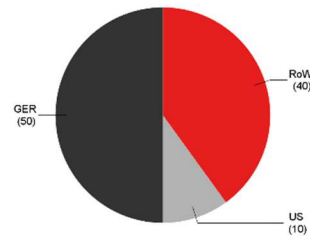
FY End: 31.12. in EUR m	CAGR (21-24e)	2018	2019	2020	2021	2022e	2023e	2024e
Sales	12.8 %	106.2	115.4	117.6	130.8	148.0	169.0	187.6
Change Sales yoy		17.4 %	8.8 %	1.8 %	11.3 %	13.1 %	14.2 %	11.0 %
Gross profit margin		92.7 %	94.6 %	92.7 %	89.2 %	89.0 %	89.0 %	89.0 %
EBITDA	15.5 %	6.8	12.3	19.7	26.8	29.9	36.0	41.3
Margin		6.4 %	10.6 %	16.7 %	20.5 %	20.2 %	21.3 %	22.0 %
EBIT	19.4 %	1.6	3.4	10.5	17.3	20.6	25.4	29.5
Margin		1.5 %	3.0 %	9.0 %	13.2 %	13.9 %	15.0 %	15.7 %
Net income	14.3 %	0.9	-3.1	6.3	13.2	13.4	16.8	19.7
EPS	14.3 %	0.49	-1.55	3.00	5.53	5.62	7.04	8.26
EPS adj.	14.3 %	0.49	-1.55	3.00	5.53	5.62	7.04	8.26
DPS	-	0.00	0.00	0.00	0.00	0.50	1.00	1.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	0.4 %	0.8 %	0.8 %
FCFPS		-9.27	-1.92	7.11	8.70	6.24	7.80	9.64
FCF / Market cap		-9.0 %	-2.8 %	10.3 %	6.3 %	4.9 %	6.1 %	7.6 %
EV / Sales		2.1 x	1.5 x	1.5 x	2.4 x	1.8 x	1.5 x	1.2 x
EV / EBITDA		32.3 x	14.1 x	8.7 x	11.5 x	9.0 x	7.0 x	5.6 x
EV / EBIT		138.3 x	50.4 x	16.4 x	17.8 x	13.1 x	9.9 x	7.9 x
P / E		210.4 x	n.a.	23.0 x	24.8 x	22.6 x	18.0 x	15.4 x
P / E adj.		210.4 x	n.a.	23.0 x	24.8 x	22.6 x	18.0 x	15.4 x
FCF Potential Yield		3.4 %	4.6 %	9.8 %	7.7 %	9.0 %	11.5 %	14.3 %
Net Debt		24.6	34.8	26.5	-18.2	-33.1	-50.5	-71.0
ROCE (NOPAT)		16.1 %	n.a.	9.5 %	19.9 %	22.6 %	28.5 %	34.4 %
Guidance:	n.a.							

**Sales development**  
in EUR m



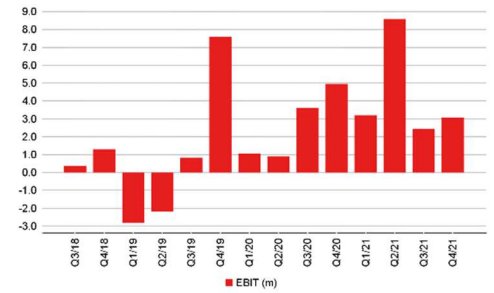
Source: Warburg Research

**Employees per location**  
2022e; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

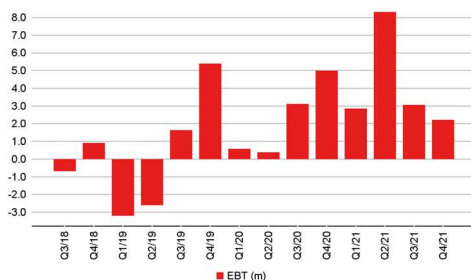
## Company Background

- GK Software is the leading software supplier for retailers.
- As well as standard processes, GK Software solutions facilitate special requirements such as bonus programmes, the recording of fiscal details and the seamless integration in back-end solutions.
- The business activities of GK Software divides into two segments - the sale of product licences and the corresponding services.

## Competitive Quality

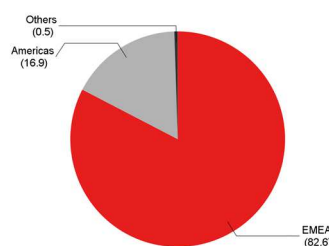
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their bids and as a consequence are unable to complete the project on time and within budget.
- GK has outstanding reference clients (Hornbach, Kaufhof, Douglas, Netto, Tchibo, T-Punkt, Thalia, JYSK Nordic...)
- At the same time, GK Software's personnel costs are, depending on the location, often about 20% below those of a similar project team of a large system integrator.

**EBT development**  
in EUR m



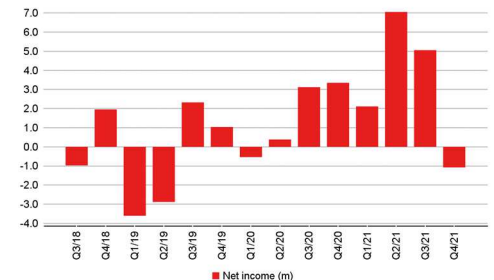
Source: Warburg Research

**Sales by Regions**  
2021; in %



Source: Warburg Research

**Net income development**  
in EUR m



Source: Warburg Research

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	
Sales	148.0	169.0	187.6	208.2	231.1	251.9	269.6	285.7	302.9	321.1	340.3	360.7	382.4	
Sales change	13.1 %	14.2 %	11.0 %	11.0 %	11.0 %	9.0 %	7.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	2.5 %
EBIT	20.6	25.4	29.5	33.3	39.3	45.3	51.2	57.1	60.6	64.2	68.1	72.1	76.5	
EBIT-margin	13.9 %	15.0 %	15.7 %	16.0 %	17.0 %	18.0 %	19.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	
Tax rate (EBT)	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	
NOPAT	14.6	18.0	20.9	23.7	27.9	32.2	36.4	40.6	43.0	45.6	48.3	51.2	54.3	
Depreciation	9.3	10.6	11.8	14.6	11.6	10.1	8.1	8.6	9.1	9.6	10.2	10.8	11.5	
in % of Sales	6.3 %	6.3 %	6.3 %	7.0 %	5.0 %	4.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
Changes in provisions	0.0	0.0	0.0	-1.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	2.5	3.0	2.7	3.0	3.3	3.0	2.5	2.3	2.5	2.6	2.8	2.9	3.1	
- Capex	5.5	6.0	6.0	7.3	9.2	7.6	8.1	8.6	9.1	9.6	10.2	10.8	11.5	
Capex in % of Sales	3.7 %	3.6 %	3.2 %	3.5 %	4.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	15.9	19.6	24.0	26.8	27.0	31.8	33.9	38.3	40.6	43.0	45.6	48.3	51.2	53
PV of FCF	15.1	17.1	19.2	19.6	18.1	19.5	19.0	19.7	19.1	18.6	18.1	17.5	17.0	265
share of PVs	10.23 %			37.09 %										52.68 %

## Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.30
Market return	7.50 %	Cyclicality	1.30
Risk free rate	2.00 %	Transparency	1.30
		Others	1.30
<b>WACC</b>	<b>9.15 %</b>	<b>Beta</b>	<b>1.30</b>

## Valuation (m)

Present values 2034e	238		
Terminal Value	265		
Financial liabilities	27		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	47	No. of shares (m)	2.4
<b>Equity Value</b>	<b>520</b>	<b>Value per share (EUR)</b>	<b>218.20</b>

## Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.48	10.1 %	179.72	182.13	184.68	187.41	190.32	193.43	196.77	1.48	10.1 %	172.72	177.62	182.51	187.41	192.31	197.20	202.10
1.39	9.7 %	192.43	195.32	198.40	201.69	205.23	209.03	213.13	1.39	9.7 %	185.87	191.15	196.42	201.69	206.97	212.24	217.52
1.35	9.4 %	199.44	202.61	206.00	209.64	213.55	217.77	222.33	1.35	9.4 %	193.19	198.67	204.15	209.64	215.12	220.61	226.09
1.30	9.2 %	206.94	210.43	214.17	218.20	222.54	227.23	232.32	1.30	9.2 %	201.07	206.78	212.49	218.20	223.91	229.62	235.33
1.25	8.9 %	214.98	218.84	222.98	227.45	232.28	237.52	243.22	1.25	8.9 %	209.58	215.54	221.49	227.45	233.40	239.36	245.31
1.21	8.7 %	223.64	227.90	232.50	237.47	242.86	248.73	255.15	1.21	8.7 %	218.81	225.03	231.25	237.47	243.69	249.91	256.13
1.12	8.2 %	243.04	248.31	254.03	260.25	267.05	274.50	282.72	1.12	8.2 %	239.78	246.61	253.43	260.25	267.07	273.89	280.71

- GK has been able to grow strongly in recent years and, last but not least, convince in terms of profitability
- The technological leadership position and the cooperation with SAP form a good basis for further growth
- This leading position in the world provides considerable scope for sales and earnings

Valuation	2018	2019	2020	2021	2022e	2023e	2024e
Price / Book	5.0 x	3.3 x	3.0 x	4.0 x	3.1 x	2.7 x	2.3 x
Book value per share ex intangibles	4.82	6.71	10.68	21.43	29.24	38.43	48.67
EV / Sales	2.1 x	1.5 x	1.5 x	2.4 x	1.8 x	1.5 x	1.2 x
EV / EBITDA	32.3 x	14.1 x	8.7 x	11.5 x	9.0 x	7.0 x	5.6 x
EV / EBIT	138.3 x	50.4 x	16.4 x	17.8 x	13.1 x	9.9 x	7.9 x
EV / EBIT adj.*	138.3 x	50.4 x	16.4 x	17.8 x	13.1 x	9.9 x	7.9 x
P / FCF	n.a.	n.a.	9.7 x	15.8 x	20.4 x	16.3 x	13.2 x
P / E	210.4 x	n.a.	23.0 x	24.8 x	22.6 x	18.0 x	15.4 x
P / E adj.*	210.4 x	n.a.	23.0 x	24.8 x	22.6 x	18.0 x	15.4 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	0.4 %	0.8 %	0.8 %
FCF Potential Yield (on market EV)	3.4 %	4.6 %	9.8 %	7.7 %	9.0 %	11.5 %	14.3 %

\*Adjustments made for: -

## Consolidated profit & loss

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
<b>Sales</b>	<b>106.2</b>	<b>115.4</b>	<b>117.6</b>	<b>130.8</b>	<b>148.0</b>	<b>169.0</b>	<b>187.6</b>
Change Sales yoy	17.4 %	8.8 %	1.8 %	11.3 %	13.1 %	14.2 %	11.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.8	0.0	0.0	0.0	0.0
<b>Total Sales</b>	<b>106.2</b>	<b>115.4</b>	<b>118.4</b>	<b>130.8</b>	<b>148.0</b>	<b>169.0</b>	<b>187.6</b>
Material expenses	7.7	6.2	9.4	14.2	16.3	18.6	20.6
<b>Gross profit</b>	<b>98.4</b>	<b>109.2</b>	<b>109.0</b>	<b>116.7</b>	<b>131.7</b>	<b>150.4</b>	<b>167.0</b>
<i>Gross profit margin</i>	<i>92.7 %</i>	<i>94.6 %</i>	<i>92.7 %</i>	<i>89.2 %</i>	<i>89.0 %</i>	<i>89.0 %</i>	<i>89.0 %</i>
Personnel expenses	68.8	78.1	75.6	78.7	88.8	101.4	112.6
Other operating income	3.6	3.8	4.3	8.7	7.4	8.5	9.4
Other operating expenses	26.4	22.7	17.9	19.9	20.4	21.5	22.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>6.8</b>	<b>12.3</b>	<b>19.7</b>	<b>26.8</b>	<b>29.9</b>	<b>36.0</b>	<b>41.3</b>
<i>Margin</i>	<i>6.4 %</i>	<i>10.6 %</i>	<i>16.7 %</i>	<i>20.5 %</i>	<i>20.2 %</i>	<i>21.3 %</i>	<i>22.0 %</i>
Depreciation of fixed assets	2.7	2.0	1.8	2.4	2.2	2.5	2.8
<b>EBITA</b>	<b>4.1</b>	<b>10.3</b>	<b>17.9</b>	<b>24.4</b>	<b>27.7</b>	<b>33.5</b>	<b>38.5</b>
Amortisation of intangible assets	2.5	6.8	7.4	7.1	7.1	8.1	9.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>1.6</b>	<b>3.4</b>	<b>10.5</b>	<b>17.3</b>	<b>20.6</b>	<b>25.4</b>	<b>29.5</b>
<i>Margin</i>	<i>1.5 %</i>	<i>3.0 %</i>	<i>9.0 %</i>	<i>13.2 %</i>	<i>13.9 %</i>	<i>15.0 %</i>	<i>15.7 %</i>
<b>EBIT adj.</b>	<b>1.6</b>	<b>3.4</b>	<b>10.5</b>	<b>17.3</b>	<b>20.6</b>	<b>25.4</b>	<b>29.5</b>
Interest income	0.1	0.1	0.2	0.6	0.0	0.0	0.0
Interest expenses	1.6	2.3	1.6	1.4	1.5	1.5	1.5
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>0.2</b>	<b>1.2</b>	<b>9.1</b>	<b>16.5</b>	<b>19.1</b>	<b>23.9</b>	<b>28.0</b>
<i>Margin</i>	<i>0.2 %</i>	<i>1.1 %</i>	<i>7.7 %</i>	<i>12.6 %</i>	<i>12.9 %</i>	<i>14.1 %</i>	<i>14.9 %</i>
Total taxes	-0.8	4.4	2.8	3.2	5.5	6.9	8.1
<b>Net income from continuing operations</b>	<b>0.9</b>	<b>-3.1</b>	<b>6.3</b>	<b>13.3</b>	<b>13.5</b>	<b>16.9</b>	<b>19.8</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>0.9</b>	<b>-3.1</b>	<b>6.3</b>	<b>13.3</b>	<b>13.5</b>	<b>16.9</b>	<b>19.8</b>
Minority interest	0.0	0.0	-0.1	0.1	0.1	0.2	0.2
<b>Net income</b>	<b>0.9</b>	<b>-3.1</b>	<b>6.3</b>	<b>13.2</b>	<b>13.4</b>	<b>16.8</b>	<b>19.7</b>
<i>Margin</i>	<i>0.9 %</i>	<i>-2.7 %</i>	<i>5.4 %</i>	<i>10.1 %</i>	<i>9.0 %</i>	<i>9.9 %</i>	<i>10.5 %</i>
Number of shares, average	1.9	2.0	2.1	2.4	2.4	2.4	2.4
<b>EPS</b>	<b>0.49</b>	<b>-1.55</b>	<b>3.00</b>	<b>5.53</b>	<b>5.62</b>	<b>7.04</b>	<b>8.26</b>
EPS adj.	0.49	-1.55	3.00	5.53	5.62	7.04	8.26

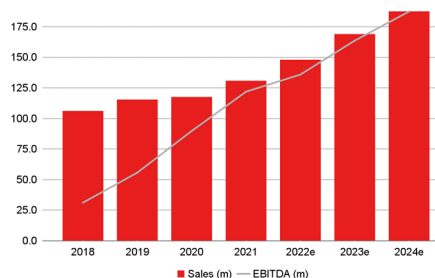
\*Adjustments made for:

Guidance: n.a.

## Financial Ratios

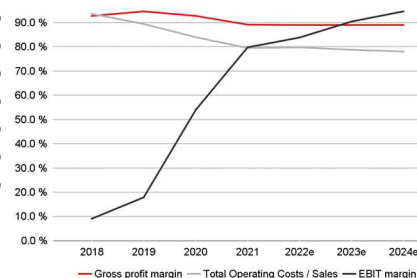
	2018	2019	2020	2021	2022e	2023e	2024e
Total Operating Costs / Sales	93.6 %	89.4 %	84.0 %	79.5 %	79.8 %	78.7 %	78.0 %
Operating Leverage	-3.9 x	13.1 x	113.2 x	5.7 x	1.4 x	1.6 x	1.5 x
EBITDA / Interest expenses	4.4 x	5.4 x	12.0 x	18.8 x	19.9 x	24.0 x	27.5 x
Tax rate (EBT)	-439.8 %	354.6 %	31.1 %	19.2 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	8.8 %	14.1 %	12.0 %
Sales per Employee	232,188	247,572	247,158	269,699	299,073	334,812	364,355

### Sales, EBITDA in EUR m



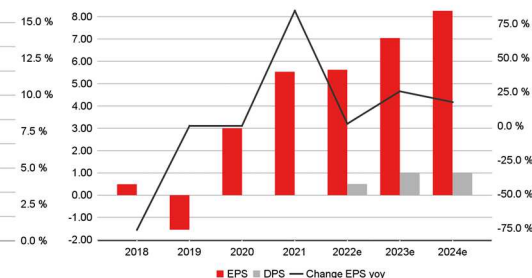
Source: Warburg Research

### Operating Performance in %



Source: Warburg Research

### Performance per Share



Source: Warburg Research

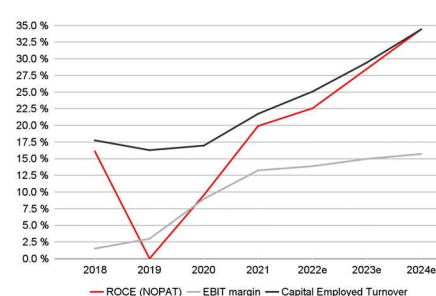
## Consolidated balance sheet

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
<b>Assets</b>							
Goodwill and other intangible assets	30.0	27.6	25.4	31.7	26.6	20.4	13.4
thereof other intangible assets	12.2	22.2	25.4	31.7	26.6	20.4	13.4
thereof Goodwill	17.9	5.4	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	22.7	33.0	31.1	21.3	22.6	24.1	25.3
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>52.8</b>	<b>60.7</b>	<b>56.6</b>	<b>53.0</b>	<b>49.2</b>	<b>44.5</b>	<b>38.7</b>
Inventories	0.5	0.3	0.2	0.1	0.1	0.1	0.1
Accounts receivable	26.0	24.0	24.0	24.0	27.1	31.0	34.4
Liquid assets	11.8	8.1	9.4	46.9	47.2	64.6	85.1
Other short-term assets	20.0	21.2	20.6	20.2	20.2	20.2	20.2
<b>Current assets</b>	<b>58.4</b>	<b>53.5</b>	<b>54.2</b>	<b>91.2</b>	<b>94.5</b>	<b>115.8</b>	<b>139.8</b>
<b>Total Assets</b>	<b>111.2</b>	<b>114.2</b>	<b>110.7</b>	<b>144.2</b>	<b>143.7</b>	<b>160.4</b>	<b>178.5</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	1.9	2.0	2.1	2.3	2.3	2.3	2.3
Capital reserve	21.4	27.3	28.7	49.3	49.3	49.3	49.3
Retained earnings	0.0	0.0	0.0	0.0	13.4	29.0	46.3
Other equity components	15.8	11.8	17.2	31.1	31.2	31.4	31.5
Shareholders' equity	39.2	41.2	47.9	82.7	96.2	112.0	129.3
Minority interest	1.1	1.1	0.7	0.9	0.9	0.9	0.9
<b>Total equity</b>	<b>40.3</b>	<b>42.3</b>	<b>48.7</b>	<b>83.6</b>	<b>97.1</b>	<b>112.8</b>	<b>130.2</b>
Provisions	3.1	4.2	3.5	2.4	2.4	2.4	2.4
thereof provisions for pensions and similar obligations	1.6	2.8	2.7	1.9	1.9	1.9	1.9
Financial liabilities (total)	34.8	40.1	33.2	26.8	12.2	12.2	12.2
Short-term financial liabilities	12.3	13.9	7.8	1.0	1.0	1.0	1.0
Accounts payable	2.4	2.5	3.6	5.2	5.8	6.7	7.4
Other liabilities	30.7	25.2	21.7	26.2	26.2	26.2	26.2
<b>Liabilities</b>	<b>70.9</b>	<b>71.9</b>	<b>62.0</b>	<b>60.7</b>	<b>46.7</b>	<b>47.6</b>	<b>48.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>111.2</b>	<b>114.2</b>	<b>110.7</b>	<b>144.2</b>	<b>143.7</b>	<b>160.4</b>	<b>178.5</b>

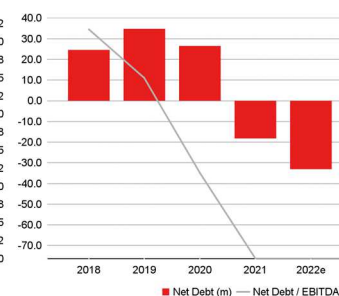
## Financial Ratios

	2018	2019	2020	2021	2022e	2023e	2024e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	2.3 x	2.1 x	2.3 x	3.3 x	3.4 x	3.5 x	3.6 x
Capital Employed Turnover	1.6 x	1.5 x	1.6 x	2.0 x	2.3 x	2.7 x	3.2 x
ROA	1.8 %	-5.2 %	11.2 %	24.8 %	27.2 %	37.6 %	50.8 %
<b>Return on Capital</b>							
ROCE (NOPAT)	16.1 %	n.a.	9.5 %	19.9 %	22.6 %	28.5 %	34.4 %
ROE	2.4 %	-7.8 %	14.2 %	20.1 %	15.0 %	16.1 %	16.3 %
Adj. ROE	2.4 %	-7.8 %	14.2 %	20.1 %	15.0 %	16.1 %	16.3 %
<b>Balance sheet quality</b>							
Net Debt	24.6	34.8	26.5	-18.2	-33.1	-50.5	-71.0
Net Financial Debt	23.0	32.0	23.8	-20.1	-35.0	-52.3	-72.9
Net Gearing	61.1 %	82.3 %	54.5 %	-21.8 %	-34.1 %	-44.7 %	-54.6 %
Net Fin. Debt / EBITDA	337.0 %	261.2 %	120.8 %	n.a.	n.a.	n.a.	n.a.
Book Value / Share	20.6	20.4	22.7	34.7	40.4	47.0	54.3
Book value per share ex intangibles	4.8	6.7	10.7	21.4	29.2	38.4	48.7

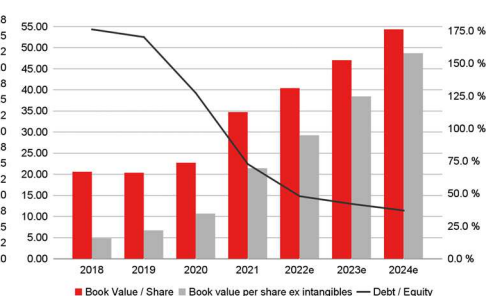
## ROCE Development



## Net debt in EUR m



## Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

## Consolidated cash flow statement

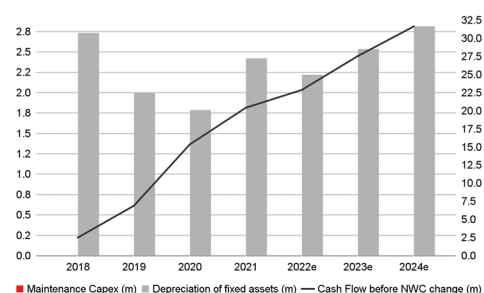
In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net income	0.9	-3.1	6.3	13.3	13.5	16.9	19.8
Depreciation of fixed assets	2.7	2.0	1.8	2.4	2.2	2.5	2.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.5	6.8	7.4	7.1	7.1	8.1	9.0
Increase/decrease in long-term provisions	-0.3	1.2	0.0	-0.8	0.0	0.0	0.0
Other non-cash income and expenses	-3.3	0.0	0.0	-1.5	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>2.5</b>	<b>6.9</b>	<b>15.4</b>	<b>20.4</b>	<b>22.9</b>	<b>27.6</b>	<b>31.7</b>
Increase / decrease in inventory	0.5	0.2	0.1	0.1	0.0	0.0	0.0
Increase / decrease in accounts receivable	-8.3	2.0	0.0	0.0	-3.1	-3.9	-3.4
Increase / decrease in accounts payable	-0.3	0.1	1.1	1.6	0.6	0.9	0.7
Increase / decrease in other working capital positions	0.0	-9.6	1.1	1.1	0.0	0.0	0.0
Increase / decrease in working capital (total)	-8.2	-7.1	2.3	2.8	-2.5	-3.0	-2.7
<b>Net cash provided by operating activities [1]</b>	<b>-5.7</b>	<b>-0.2</b>	<b>17.7</b>	<b>23.2</b>	<b>20.4</b>	<b>24.6</b>	<b>29.0</b>
Investments in intangible assets	-0.3	-0.5	-0.8	-1.0	-2.0	-2.0	-2.0
Investments in property, plant and equipment	-11.7	-3.1	-1.9	-1.5	-3.5	-4.0	-4.0
Payments for acquisitions	-3.9	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.0	-0.3	5.0	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-15.7</b>	<b>-3.6</b>	<b>-3.0</b>	<b>2.4</b>	<b>-5.5</b>	<b>-6.0</b>	<b>-6.0</b>
Change in financial liabilities	-0.9	5.3	-6.9	-6.4	-14.6	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	-1.2	-2.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.6	0.0	0.0	20.5	0.0	0.0	0.0
Other	0.0	-5.2	-4.4	16.0	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>-0.3</b>	<b>0.1</b>	<b>-11.3</b>	<b>30.1</b>	<b>-14.6</b>	<b>-1.2</b>	<b>-2.4</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>-21.7</b>	<b>-3.8</b>	<b>3.4</b>	<b>55.8</b>	<b>0.2</b>	<b>17.4</b>	<b>20.6</b>
Effects of exchange-rate changes on cash	-0.1	0.0	0.0	0.1	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>8.7</b>	<b>2.3</b>	<b>5.7</b>	<b>61.5</b>	<b>47.2</b>	<b>64.6</b>	<b>85.1</b>

## Financial Ratios

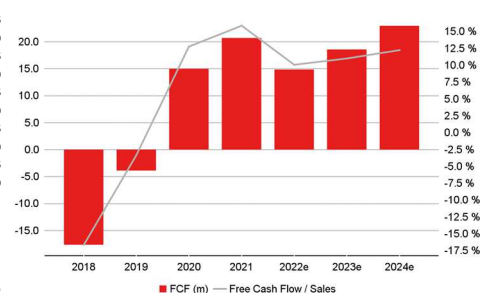
	2018	2019	2020	2021	2022e	2023e	2024e
<b>Cash Flow</b>							
FCF	-17.6	-3.9	15.0	20.7	14.9	18.6	23.0
Free Cash Flow / Sales	-16.6 %	-3.4 %	12.8 %	15.8 %	10.0 %	11.0 %	12.2 %
Free Cash Flow Potential	7.6	7.9	16.9	23.6	24.4	29.1	33.2
Free Cash Flow / Net Profit	-1907.9 %	124.3 %	237.2 %	157.5 %	110.9 %	110.8 %	116.8 %
Interest Received / Avg. Cash	0.7 %	0.7 %	2.2 %	2.0 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.7 %	6.1 %	4.5 %	4.8 %	7.7 %	12.3 %	12.3 %
<b>Management of Funds</b>							
Investment ratio	11.3 %	3.2 %	2.3 %	1.9 %	3.7 %	3.6 %	3.2 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	228.7 %	41.3 %	29.3 %	26.5 %	59.0 %	56.4 %	50.8 %
Avg. Working Capital / Sales	18.9 %	19.9 %	18.0 %	15.1 %	13.6 %	13.6 %	13.7 %
Trade Debtors / Trade Creditors	1100.6 %	965.5 %	667.8 %	464.6 %	467.2 %	462.7 %	464.9 %
Inventory Turnover	14.8 x	21.9 x	47.2 x	199.5 x	162.8 x	185.9 x	206.3 x
Receivables collection period (days)	90	76	74	67	67	67	67
Payables payment period (days)	112	146	139	133	130	132	131
Cash conversion cycle (Days)	2	-53	-57	-64	-61	-63	-62

## CAPEX and Cash Flow

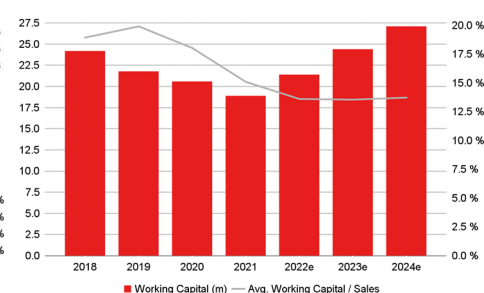
in EUR m



## Free Cash Flow Generation



## Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

**LEGAL DISCLAIMER**

This research report ("investment recommendation") was prepared by the Warburg Research GmbH, a fully owned subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It is intended solely for the recipient and may not be passed on to another company without their prior consent, regardless of whether the company is part of the same corporation or not. It contains selected information and does not purport to be complete. The investment recommendation is based on publicly available information and data ("information") believed to be accurate and complete. Warburg Research GmbH neither examines the information for accuracy and completeness, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these investment recommendations concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this investment recommendation, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this investment recommendation. Provided a investment recommendation is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This investment recommendation does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this investment recommendation are subject to change without notice. All rights reserved.

**COPYRIGHT NOTICE**

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

**DISCLOSURE ACCORDING TO §85 OF THE GERMAN SECURITIES TRADING ACT (WPHG), MAR AND MIFID II INCL. COMMISSION DELEGATED REGULATION (EU) 2016/958 AND (EU) 2017/565**

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Value Potential, NAV, Peer Group Comparison or Sum of the Parts Model (see also <http://www.mmwarburg.de/disclaimer/disclaimer.htm#Valuation>). The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company's products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

Additional internal and organisational arrangements to prevent or to deal with conflicts of interest have been implemented. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research GmbH in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg-Group.

All prices of financial instruments given in this investment recommendation are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin. M.M.Warburg & CO (AG & Co.) KGaA is additionally subject to the supervision of the European Central Bank (ECB).



---

**SOURCES**

All **data and consensus estimates** have been obtained from FactSet except where stated otherwise.

The **Warburg ESG Risk Score** is based on information © 2020 MSCI ESG Research LLC. Reproduced by permission. Although Warburg Research's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component, of any financial instruments or products indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damage (including lost profits) even if notified of the possibility.

---

### Additional information for clients in the United States

1. This research report (the "Report") is a product of Warburg Research GmbH, Germany, a fully owned subsidiary of M.M.Warburg & CO (AG & Co.) KGaA, Germany (in the following collectively "Warburg"). Warburg is the employer of the research analyst(s), who have prepared the Report. The research analyst(s) reside outside the United States and are not associated persons of any U.S. regulated broker-dealer and therefore are not subject to the supervision of any U.S. regulated broker-dealer.
2. The Report is provided in the United States for distribution solely to "major U.S. institutional investors" under Rule 15a-6 of the U.S. Securities Exchange Act of 1934 by CIC.
3. CIC (Crédit Industriel et Commercial) and M.M. Warburg & CO have concluded a Research Distribution Agreement that gives CIC Market Solutions exclusive distribution in France, the US and Canada of the Warburg Research GmbH research product.
4. The research reports are distributed in the United States of America by CIC ("CIC") pursuant to a SEC Rule 15a-6 agreement with CIC Market Solutions Inc ("CICI"), a U.S. registered broker-dealer and a related company of CIC, and are distributed solely to persons who qualify as "Major U.S. Institutional Investors" as defined in SEC Rule 15a-6 under the Securities Exchange Act of 1934.
5. Any person who is not a Major U.S. Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein.

### Reference in accordance with section 85 of the German Securities Trading Act (WpHG) and Art. 20 MAR regarding possible conflicts of interest with companies analysed:

- 1- Warburg Research, or an affiliated company, or an employee of one of these companies responsible for the compilation of the research, hold a **share of more than 5%** of the equity capital of the analysed company.
- 2- Warburg Research, or an affiliated company, within the last twelve months participated in the **management of a consortium** for an issue in the course of a public offering of such financial instruments, which are, or the issuer of which is, the subject of the investment recommendation.
- 3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the investment recommendation, in a market based on the provision of buy or sell contracts.
- 4- MMWB, Warburg Research, or an affiliated company, reached an agreement with the issuer to provide **investment banking and/or investment services** and the relevant agreement was in force in the last 12 months or there arose for this period, based on the relevant agreement, the obligation to provide or to receive a service or compensation - provided that this disclosure does not result in the disclosure of confidential business information.
- 5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the investment recommendation** with the analysed company.
- 6a- Warburg Research, or an affiliated company, holds a **net long position of more than 0.5%** of the total issued share capital of the analysed company.
- 6b- Warburg Research, or an affiliated company, holds a **net short position of more than 0.5%** of the total issued share capital of the analysed company.
- 6c- The issuer holds shares of more than 5% of the total issued capital of Warburg Research or an affiliated company.
- 7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

This report has been made accessible to the company analysed.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
GK Software	5	<a href="http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0007571424.htm">http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0007571424.htm</a>

**INVESTMENT RECOMMENDATION**

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

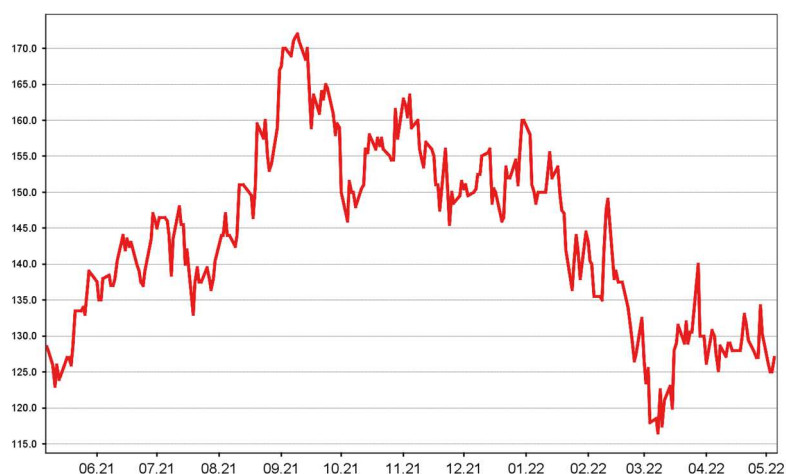
**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	170	81
Hold	36	17
Sell	3	1
Rating suspended	2	1
<b>Total</b>	<b>211</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	50	85
Hold	7	12
Sell	0	0
Rating suspended	2	3
<b>Total</b>	<b>59</b>	<b>100</b>

**PRICE AND RATING HISTORY GK SOFTWARE AS OF 06.05.2022**


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

## EQUITIES

**Matthias Rode** +49 40 3282-2678  
Head of Equities mrode@mmwarburg.com

## RESEARCH

**Michael Heider** +49 40 309537-280  
Head of Research mheider@warburg-research.com

**Henner Rüschemeyer** +49 40 309537-270  
Head of Research hrueschmeier@warburg-research.com

**Stefan Augustin** +49 40 309537-168  
Cap. Goods, Engineering saugustin@warburg-research.com

**Jan Bauer** +49 40 309537-155  
Renewables jbauer@warburg-research.com

**Jonas Blum** +49 40 309537-240  
Telco, Media, Construction jblum@warburg-research.com

**Christian Cohrs** +49 40 309537-175  
Industrials & Transportation ccohrs@warburg-research.com

**Dr. Christian Ehmann** +49 40 309537-167  
BioTech, Life Science cehmann@warburg-research.com

**Felix Ellmann** +49 40 309537-120  
Software, IT fellmann@warburg-research.com

**Jörg Philipp Frey** +49 40 309537-258  
Retail, Consumer Goods jfrey@warburg-research.com

**Marius Fuhrberg** +49 40 309537-185  
Financial Services mfuhrberg@warburg-research.com

**Mustafa Hidir** +49 40 309537-230  
Automobiles, Car Suppliers mhidir@warburg-research.com

**Thor Höfs** +49 40 309537-255  
Software, IT thoefs@warburg-research.com

**Philipp Kaiser** +49 40 309537-260  
Real Estate pkaiser@warburg-research.com

**Thilo Kleibauer** +49 40 309537-257  
Retail, Consumer Goods tkleibauer@warburg-research.com

**Eggert Kuls** +49 40 309537-256  
Engineering ekuls@warburg-research.com

**Andreas Pläsier** +49 40 309537-246  
Banks, Financial Services aplaesier@warburg-research.com

**Malte Schaumann** +49 40 309537-170  
Technology mschaumann@warburg-research.com

**Oliver Schwarz** +49 40 309537-250  
Chemicals, Agriculture oschwarz@warburg-research.com

**Simon Stippig** +49 40 309537-265  
Real Estate sstippig@warburg-research.com

**Cansu Tatar** +49 40 309537-248  
Cap. Goods, Engineering ctatar@warburg-research.com

**Marc-René Tonn** +49 40 309537-259  
Automobiles, Car Suppliers mtonn@warburg-research.com

**Robert-Jan van der Horst** +49 40 309537-290  
Technology rvanderhorst@warburg-research.com

**Andreas Wolf** +49 40 309537-140  
Software, IT awolf@warburg-research.com

## INSTITUTIONAL EQUITY SALES

**Marc Niemann** +49 40 3282-2660  
Head of Equity Sales, Germany mniemann@mmwarburg.com

**Klaus Schilling** +49 69 5050-7400  
Head of Equity Sales, Germany kschilling@mmwarburg.com

**Tim Beckmann** +49 40 3282-2665  
United Kingdom tbeckmann@mmwarburg.com

**Lea Bogdanova** +49 69 5050-7411  
United Kingdom, Ireland lbogdanova@mmwarburg.com

**Jens Buchmüller** +49 69 5050-7415  
Scandinavia, Austria jbuchmueller@mmwarburg.com

**Alexander Eschweiler** +49 40 3282-2669  
Germany, Luxembourg aeschweiler@mmwarburg.com

**Matthias Fritsch** +49 40 3282-2696  
United Kingdom mfritsch@mmwarburg.com

**Maximilian Martin** +49 69 5050-7413  
Austria, Poland mmartin@mmwarburg.com

**Christopher Seedorf** +49 40 3282-2695  
Switzerland cseedorf@mmwarburg.com

**Sophie Hauer** +49 69 5050-7417  
Roadshow/Marketing shauer@mmwarburg.com

**Juliane Niemann** +49 40 3282-2694  
Roadshow/Marketing jniemann@mmwarburg.com

## SALES TRADING

**Oliver Merckel** +49 40 3282-2634  
Head of Sales Trading omerckel@mmwarburg.com

**Elyaz Dust** +49 40 3282-2702  
Sales Trading edust@mmwarburg.com

**Michael Ilgenstein** +49 40 3282-2700  
Sales Trading milgenstein@mmwarburg.com

**Marcel Magiera** +49 40 3282-2662  
Sales Trading mmagiera@mmwarburg.com

**Bastian Quast** +49 40 3282-2701  
Sales Trading bquast@mmwarburg.com

**Jörg Treptow** +49 40 3282-2658  
Sales Trading jtreptow@mmwarburg.com

## MACRO RESEARCH

**Carsten Klude** +49 40 3282-2572  
Macro Research cklude@mmwarburg.com

**Dr. Christian Jasperneite** +49 40 3282-2439  
Investment Strategy cjasperneite@mmwarburg.com

### Our research can be found under:

Warburg Research [research.mmwarburg.com/en/index.html](https://research.mmwarburg.com/en/index.html)  
Bloomberg RESP MMWA GO  
FactSet [www.factset.com](https://www.factset.com)

Refinitiv [www.refinitiv.com](https://www.refinitiv.com)  
Capital IQ [www.capitaliq.com](https://www.capitaliq.com)

### For access please contact:

**Andrea Schaper** +49 40 3282-2632  
Sales Assistance aschaper@mmwarburg.com

**Kerstin Muthig** +49 40 3282-2703  
Sales Assistance kmuthig@mmwarburg.com