

|   |   |  |   |
|---|---|--|---|
| <b>Buy</b><br><br><b>EUR 105.00</b> (EUR 74.00)<br><br>Price <b>EUR 75.00</b><br><b>Upside 40.0 %</b> | <b>Value Indicators:</b> EUR<br>DCF: 105.15   | <b>Share data:</b><br>Bloomberg: GKS GR<br>Reuters: GKSG<br>ISIN: DE0007571424   | <b>Description:</b><br>Leading software company for stationary retailers  |
|   | <b>Market Snapshot:</b> EUR m<br>Market cap: 141.8<br>No. of shares (m): 1.9<br>EV: 172.2<br>Freefloat MC: 56.0<br>Ø Trad. Vol. (30d): 72.64 th | <b>Shareholders:</b><br>Freefloat 39.5 %<br>GK Software Holding 49.6 %<br>SAP 5.3 %<br>Rainer Gläß 3.3 %<br>Stephan Kronmüller 2.3 % | <b>Risk Profile (WRe):</b> 2020e<br>Beta: 1.8<br>Price / Book: 3.6 x<br>Equity Ratio: 38 %<br>Net Fin. Debt / EBITDA: 1.7 x<br>Net Debt / EBITDA: 1.9 x |

## Good development continues

| <b>Figures Q2/2020:</b><br>in EUR m | <table border="1"> <thead> <tr> <th></th> <th>Q2/20</th> <th>Q2/20e</th> <th>Q2/19</th> <th>yoy</th> <th>6M/20</th> <th>6M/19</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td><b>Sales</b></td> <td>27.1</td> <td>26.0</td> <td>25.7</td> <td>5.5%</td> <td>56.2</td> <td>50.3</td> <td>11.7%</td> </tr> <tr> <td><b>EBITDA</b></td> <td>3.0</td> <td>1.0</td> <td>0.1</td> <td>5569.5%</td> <td>6.3</td> <td>-0.6</td> <td>-</td> </tr> <tr> <td><i>margin</i></td> <td>11.1%</td> <td>3.8%</td> <td>0.2%</td> <td></td> <td>11.2%</td> <td>-1.2%</td> <td></td> </tr> </tbody> </table> |        | Q2/20 | Q2/20e  | Q2/19 | yoy   | 6M/20 | 6M/19 | yoy | <b>Sales</b> | 27.1 | 26.0 | 25.7 | 5.5% | 56.2 | 50.3 | 11.7% | <b>EBITDA</b> | 3.0 | 1.0 | 0.1 | 5569.5% | 6.3 | -0.6 | - | <i>margin</i> | 11.1% | 3.8% | 0.2% |  | 11.2% | -1.2% |  | <b>Comment on Figures:</b> <ul style="list-style-type: none"> <li>According to preliminary figures, GK Software SE was able to continue its sales growth over the entire first half of 2020, regardless of the Covid-19 pandemic.</li> <li>EBITDA grew significantly faster and also exceeded expectations (WRe).</li> <li>These figures show that after the very good Q1 a solid trend in earnings improvements could be established.</li> </ul> |
|-------------------------------------|---|--------|-------|---------|-------|-------|-------|-------|-----|--------------|------|------|------|------|------|------|-------|---------------|-----|-----|-----|---------|-----|------|---|---------------|-------|------|------|--|-------|-------|--|---|
|                                     | Q2/20   | Q2/20e | Q2/19 | yoy     | 6M/20 | 6M/19 | yoy   |       |     |              |      |      |      |      |      |      |       |               |     |     |     |         |     |      |   |               |       |      |      |  |       |       |  |   |
| <b>Sales</b>                        | 27.1  | 26.0   | 25.7  | 5.5%    | 56.2  | 50.3  | 11.7% |       |     |              |      |      |      |      |      |      |       |               |     |     |     |         |     |      |   |               |       |      |      |  |       |       |  |   |
| <b>EBITDA</b>                       | 3.0   | 1.0    | 0.1   | 5569.5% | 6.3   | -0.6  | -     |       |     |              |      |      |      |      |      |      |       |               |     |     |     |         |     |      |   |               |       |      |      |  |       |       |  |   |
| <i>margin</i>                       | 11.1%   | 3.8%   | 0.2%  |         | 11.2% | -1.2% |       |       |     |              |      |      |      |      |      |      |       |               |     |     |     |         |     |      |   |               |       |      |      |  |       |       |  |   |

On 20.08.2020, GK Software SE presented its preliminary figures for the second quarter and the first half of 2020. Both the positive development of the cloud business and the growth in the USA are responsible for the sales growth and the strong increase in profitability. The effects of the efficiency programme from the second half of 2019 also showed results. The month of July, which was also successful, gives cause for optimism for the rest of the financial year, especially as the first half of the year was only able to record restrained business with new customers due to the Covid-19 pandemic. Together, this forms the basis for an increase in the forecasts (WRe, see table below). Another positive aspect that needs to be emphasised is the significantly increased visibility. The initiated restructuring measures but also the constantly increasing base of maintenance revenues and cloud sales lay the foundation for further successful years. Also worth mentioning is the constant success the company has enjoyed in the USA: Here it is evidently possible to expand the position as a leading provider of retail solutions. This implies considerable long-term earnings potential and is one of the key arguments for an investment in GK.

Based on the new forecasts with increased visibility and a revision of the DCF model (rollover), a new target price of EUR 105 (75) is derived. **The share continues to be rated Buy.**

| <b>Changes in Estimates:</b><br>FY End: 31.12.<br>in EUR m | <table border="1"> <thead> <tr> <th></th> <th>2020e (old)</th> <th>+ / -</th> <th>2021e (old)</th> <th>+ / -</th> <th>2022e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td><b>Sales</b></td> <td>109.7</td> <td>12.1 %</td> <td>131.7</td> <td>12.1 %</td> <td>n.a.</td> <td>n.m.</td> </tr> <tr> <td><b>EBITDA</b></td> <td>9.4</td> <td>69.5 %</td> <td>23.2</td> <td>11.5 %</td> <td>n.a.</td> <td>n.m.</td> </tr> <tr> <td><b>EBIT</b></td> <td>-0.7</td> <td>n.m.</td> <td>11.1</td> <td>10.8 %</td> <td>n.a.</td> <td>n.m.</td> </tr> <tr> <td><b>DPS</b></td> <td>0.50</td> <td>-100.0 %</td> <td>0.50</td> <td>-100.0 %</td> <td>n.a.</td> <td>n.m.</td> </tr> </tbody> </table> |          | 2020e (old) | + / -    | 2021e (old) | + / - | 2022e (old) | + / - | <b>Sales</b> | 109.7 | 12.1 % | 131.7 | 12.1 % | n.a. | n.m. | <b>EBITDA</b> | 9.4 | 69.5 % | 23.2 | 11.5 % | n.a. | n.m. | <b>EBIT</b> | -0.7 | n.m. | 11.1 | 10.8 % | n.a. | n.m. | <b>DPS</b> | 0.50 | -100.0 % | 0.50 | -100.0 % | n.a. | n.m. | <b>Comment on Changes:</b> <ul style="list-style-type: none"> <li>Against the shown background, a significantly earlier return to strong earnings seems realistic.</li> <li>For 2020, a positive result is now expected (previous expectation 2021, WRe).</li> <li>The forecasts are also being raised for the coming years.</li> <li>For the medium term, dividends are expected again.</li> </ul> |
|--|---|----------|-------------|----------|-------------|-------|-------------|-------|--------------|-------|--------|-------|--------|------|------|---------------|-----|--------|------|--------|------|------|-------------|------|------|------|--------|------|------|------------|------|----------|------|----------|------|------|---|
|  | 2020e (old)   | + / -    | 2021e (old) | + / -    | 2022e (old) | + / - |             |       |              |       |        |       |        |      |      |               |     |        |      |        |      |      |             |      |      |      |        |      |      |            |      |          |      |          |      |      |   |
| <b>Sales</b>   | 109.7   | 12.1 %   | 131.7       | 12.1 %   | n.a.        | n.m.  |             |       |              |       |        |       |        |      |      |               |     |        |      |        |      |      |             |      |      |      |        |      |      |            |      |          |      |          |      |      |   |
| <b>EBITDA</b>  | 9.4   | 69.5 %   | 23.2        | 11.5 %   | n.a.        | n.m.  |             |       |              |       |        |       |        |      |      |               |     |        |      |        |      |      |             |      |      |      |        |      |      |            |      |          |      |          |      |      |   |
| <b>EBIT</b>  | -0.7  | n.m.     | 11.1        | 10.8 %   | n.a.        | n.m.  |             |       |              |       |        |       |        |      |      |               |     |        |      |        |      |      |             |      |      |      |        |      |      |            |      |          |      |          |      |      |   |
| <b>DPS</b>   | 0.50  | -100.0 % | 0.50        | -100.0 % | n.a.        | n.m.  |             |       |              |       |        |       |        |      |      |               |     |        |      |        |      |      |             |      |      |      |        |      |      |            |      |          |      |          |      |      |   |

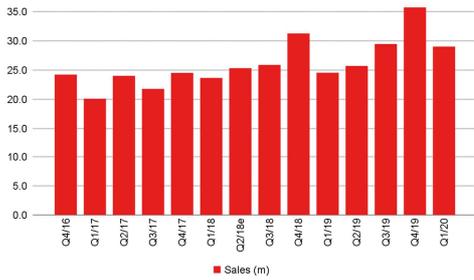


|                                  |        |
|----------------------------------|--------|
| <b>Rel. Performance vs CDAX:</b> |        |
| 1 month:                         | 13.7 % |
| 6 months:                        | 20.3 % |
| Year to date:                    | 9.4 %  |
| Trailing 12 months:              | 7.7 %  |

|                        |    |
|------------------------|----|
| <b>Company events:</b> |    |
| 27.08.20               | Q2 |
| 26.11.20               | Q3 |

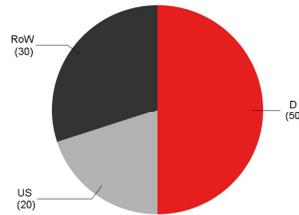
|                            |               |             |             |             |             |              |              |              |
|----------------------------|---------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| FY End: 31.12.<br>in EUR m | CAGR (19-22e) | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020e</b> | <b>2021e</b> | <b>2022e</b> |
| <b>Sales</b>               | 15.3 %        | 77.3        | 90.5        | 106.2       | 115.4       | 123.0        | 147.6        | 177.1        |
| Change Sales yoy           |               | 23.5 %      | 17.0 %      | 17.4 %      | 8.8 %       | 6.5 %        | 20.0 %       | 20.0 %       |
| Gross profit margin        |               | 90.6 %      | 90.6 %      | 92.7 %      | 94.6 %      | 93.5 %       | 94.0 %       | 94.0 %       |
| <b>EBITDA</b>              | 36.2 %        | 7.8         | 8.8         | 6.8         | 12.3        | 16.0         | 25.8         | 31.0         |
| Margin                     |               | 10.1 %      | 9.7 %       | 6.4 %       | 10.6 %      | 13.0 %       | 17.5 %       | 17.5 %       |
| <b>EBIT</b>                | 62.4 %        | 3.9         | 5.0         | 1.6         | 3.4         | 4.3          | 12.3         | 14.7         |
| Margin                     |               | 5.1 %       | 5.5 %       | 1.5 %       | 3.0 %       | 3.5 %        | 8.3 %        | 8.3 %        |
| <b>Net income</b>          | -             | 2.8         | 3.9         | 0.9         | -3.1        | 1.5          | 7.3          | 9.0          |
| <b>EPS</b>                 | -             | 1.50        | 2.05        | 0.49        | -1.55       | 0.74         | 3.63         | 4.46         |
| <b>EPS adj.</b>            | -             | 1.50        | 2.05        | 0.49        | -1.55       | 0.74         | 3.63         | 4.46         |
| <b>DPS</b>                 | -             | 0.00        | 0.00        | 0.00        | 0.00        | 0.00         | 0.00         | 1.50         |
| Dividend Yield             |               | n.a.        | n.a.        | n.a.        | n.a.        | n.a.         | n.a.         | 2.0 %        |
| <b>FCFPS</b>               |               | 0.63        | 3.70        | -9.27       | -1.92       | 2.16         | 3.38         | 6.58         |
| <b>FCF / Market cap</b>    |               | 1.4 %       | 3.9 %       | -9.0 %      | -2.8 %      | 2.9 %        | 4.5 %        | 8.8 %        |
| <b>EV / Sales</b>          |               | 1.3 x       | 2.0 x       | 2.1 x       | 1.5 x       | 1.5 x        | 1.2 x        | 0.9 x        |
| <b>EV / EBITDA</b>         |               | 12.5 x      | 20.9 x      | 32.3 x      | 14.1 x      | 11.4 x       | 6.8 x        | 5.2 x        |
| <b>EV / EBIT</b>           |               | 24.8 x      | 36.7 x      | 138.3 x     | 50.4 x      | 42.3 x       | 14.3 x       | 11.0 x       |
| <b>P / E</b>               |               | 30.8 x      | 46.0 x      | 210.4 x     | n.a.        | 101.4 x      | 20.7 x       | 16.8 x       |
| <b>P / E adj.</b>          |               | 30.8 x      | 46.0 x      | 210.4 x     | n.a.        | 101.4 x      | 20.7 x       | 16.8 x       |
| <b>FCF Potential Yield</b> |               | 7.3 %       | 4.5 %       | 3.4 %       | 4.6 %       | 8.4 %        | 13.0 %       | 16.9 %       |
| <b>Net Debt</b>            |               | 10.5        | 3.7         | 24.6        | 34.8        | 30.4         | 23.6         | 10.3         |
| <b>ROCE (NOPAT)</b>        |               | 8.1 %       | 10.6 %      | 16.1 %      | n.a.        | 4.0 %        | 11.7 %       | 14.4 %       |
| <b>Guidance:</b>           | n.a.          |             |             |             |             |              |              |              |

**Sales development**  
in EUR m



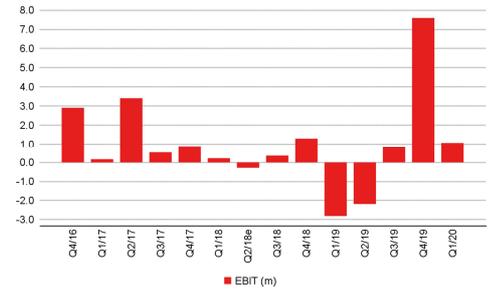
Source: Warburg Research

**Employees per location**  
2020e; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

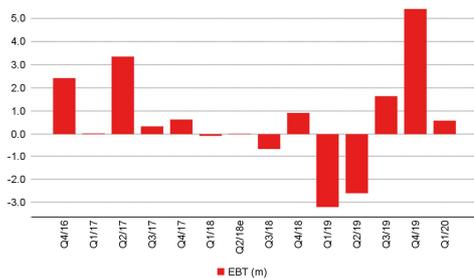
**Company Background**

- 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**

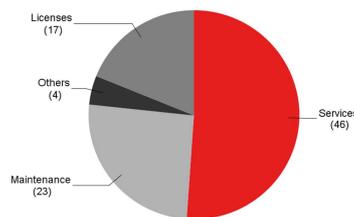
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their 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



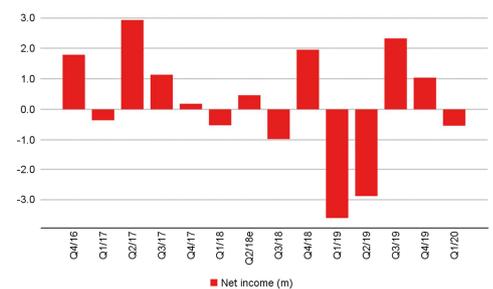
Source: Warburg Research

**Sales by segments**  
2020e; 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 |
|-----------------------------|--------------------------|--------|--------|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|
|                             | 2020e                    | 2021e  | 2022e  | 2023e               | 2024e  | 2025e  | 2026e  | 2027e  | 2028e  | 2029e  | 2030e  | 2031e  | 2032e  |             |
| Sales                       | 123.0                    | 147.6  | 177.1  | 200.1               | 222.2  | 239.9  | 254.3  | 269.6  | 285.8  | 302.9  | 321.1  | 337.1  | 354.0  |             |
| Sales change                | 6.5 %                    | 20.0 % | 20.0 % | 13.0 %              | 11.0 % | 8.0 %  | 6.0 %  | 6.0 %  | 6.0 %  | 6.0 %  | 6.0 %  | 5.0 %  | 5.0 %  | 2.5 %       |
| EBIT                        | 4.3                      | 12.3   | 14.7   | 20.0                | 24.4   | 31.2   | 38.1   | 45.8   | 48.6   | 51.5   | 54.6   | 57.3   | 60.2   |             |
| EBIT-margin                 | 3.5 %                    | 8.3 %  | 8.3 %  | 10.0 %              | 11.0 % | 13.0 % | 15.0 % | 17.0 % | 17.0 % | 17.0 % | 17.0 % | 17.0 % | 17.0 % |             |
| 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                       | 3.1                      | 8.7    | 10.4   | 14.2                | 17.4   | 22.1   | 27.1   | 32.5   | 34.5   | 36.6   | 38.8   | 40.7   | 42.7   |             |
| Depreciation                | 11.7                     | 13.6   | 16.3   | 18.0                | 20.0   | 16.8   | 15.3   | 13.5   | 14.3   | 15.1   | 16.1   | 16.9   | 17.7   |             |
| in % of Sales               | 9.5 %                    | 9.2 %  | 9.2 %  | 9.0 %               | 9.0 %  | 7.0 %  | 6.0 %  | 5.0 %  | 5.0 %  | 5.0 %  | 5.0 %  | 5.0 %  | 5.0 %  |             |
| Changes in provisions       | 0.0                      | 0.0    | 0.0    | -2.1                | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    |             |
| Change in Liquidity from    |                          |        |        |                     |        |        |        |        |        |        |        |        |        |             |
| - Working Capital           | 3.8                      | 9.1    | 7.0    | 4.3                 | 5.1    | 4.1    | 3.3    | 3.5    | 3.7    | 3.9    | 4.2    | 3.7    | 3.9    |             |
| - Capex                     | 5.0                      | 5.0    | 5.0    | 16.0                | 17.8   | 14.4   | 14.0   | 14.8   | 15.7   | 16.7   | 17.7   | 18.5   | 17.7   |             |
| Capex in % of Sales         | 4.1 %                    | 3.4 %  | 2.8 %  | 8.0 %               | 8.0 %  | 6.0 %  | 5.5 %  | 5.5 %  | 5.5 %  | 5.5 %  | 5.5 %  | 5.5 %  | 5.0 %  |             |
| 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) | 5.9                      | 8.2    | 14.7   | 9.8                 | 14.6   | 20.5   | 25.1   | 27.7   | 29.4   | 31.2   | 33.0   | 35.4   | 38.9   | 41          |
| PV of FCF                   | 5.8                      | 7.1    | 11.6   | 6.9                 | 9.2    | 11.6   | 12.8   | 12.7   | 12.1   | 11.5   | 10.9   | 10.5   | 10.4   | 121         |
| share of PVs                | 9.62 %                   |        |        | 42.68 %             |        |        |        |        |        |        |        |        |        | 47.70 %     |

## Model parameter

|                          |                |                     |             |
|--------------------------|----------------|---------------------|-------------|
| Derivation of WACC:      |                | Derivation of Beta: |             |
| Debt ratio               | 0.00 %         | Financial Strength  | 1.80        |
| Cost of debt (after tax) | 4.2 %          | Liquidity (share)   | 1.80        |
| Market return            | 7.00 %         | Cyclicality         | 1.80        |
| Risk free rate           | 1.50 %         | Transparency        | 1.80        |
|                          |                | Others              | 1.80        |
| <b>WACC</b>              | <b>11.40 %</b> | <b>Beta</b>         | <b>1.80</b> |

## Valuation (m)

|                            |            |                              |               |
|----------------------------|------------|------------------------------|---------------|
| Present values 2032e       | 133        |                              |               |
| Terminal Value             | 121        |                              |               |
| Financial liabilities      | 40         |                              |               |
| Pension liabilities        | 3          |                              |               |
| Hybrid capital             | 0          |                              |               |
| Minority interest          | 1          |                              |               |
| Market val. of investments | 0          |                              |               |
| Liquidity                  | 2          | No. of shares (m)            | 2.0           |
| <b>Equity Value</b>        | <b>213</b> | <b>Value per share (EUR)</b> | <b>105.15</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 |
| 1.98 | 12.4 % | 86.30           | 87.38  | 88.51  | 89.70  | 90.95  | 92.27  | 93.66  | 1.98 | 12.4 % | 77.16             | 81.34   | 85.52   | 89.70   | 93.88   | 98.06   | 102.24  |
| 1.89 | 11.9 % | 93.02           | 94.28  | 95.60  | 96.99  | 98.46  | 100.01 | 101.65 | 1.89 | 11.9 % | 83.72             | 88.15   | 92.57   | 96.99   | 101.41  | 105.83  | 110.26  |
| 1.85 | 11.7 % | 96.65           | 98.01  | 99.44  | 100.95 | 102.55 | 104.23 | 106.02 | 1.85 | 11.7 % | 87.29             | 91.85   | 96.40   | 100.95  | 105.51  | 110.06  | 114.61  |
| 1.80 | 11.4 % | 100.49          | 101.96 | 103.51 | 105.15 | 106.89 | 108.72 | 110.67 | 1.80 | 11.4 % | 91.08             | 95.77   | 100.46  | 105.15  | 109.84  | 114.54  | 119.23  |
| 1.75 | 11.2 % | 104.55          | 106.14 | 107.83 | 109.61 | 111.50 | 113.50 | 115.63 | 1.75 | 11.2 % | 95.09             | 99.93   | 104.77  | 109.61  | 114.45  | 119.29  | 124.13  |
| 1.71 | 10.9 % | 108.85          | 110.58 | 112.41 | 114.35 | 116.41 | 118.60 | 120.93 | 1.71 | 10.9 % | 99.36             | 104.36  | 109.35  | 114.35  | 119.34  | 124.34  | 129.33  |
| 1.62 | 10.4 % | 118.23          | 120.29 | 122.46 | 124.78 | 127.24 | 129.88 | 132.69 | 1.62 | 10.4 % | 108.76            | 114.10  | 119.44  | 124.78  | 130.11  | 135.45  | 140.79  |

- 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                           | 2016   | 2017   | 2018    | 2019   | 2020e   | 2021e  | 2022e  |
|-------------------------------------|--------|--------|---------|--------|---------|--------|--------|
| Price / Book                        | 2.8 x  | 4.6 x  | 5.0 x   | 3.3 x  | 3.6 x   | 3.0 x  | 2.6 x  |
| Book value per share ex intangibles | 4.18   | 7.02   | 4.82    | 6.71   | 11.02   | 18.87  | 28.64  |
| EV / Sales                          | 1.3 x  | 2.0 x  | 2.1 x   | 1.5 x  | 1.5 x   | 1.2 x  | 0.9 x  |
| EV / EBITDA                         | 12.5 x | 20.9 x | 32.3 x  | 14.1 x | 11.4 x  | 6.8 x  | 5.2 x  |
| EV / EBIT                           | 24.8 x | 36.7 x | 138.3 x | 50.4 x | 42.3 x  | 14.3 x | 11.0 x |
| EV / EBIT adj.*                     | 24.8 x | 36.7 x | 138.3 x | 50.4 x | 42.3 x  | 14.3 x | 11.0 x |
| P / FCF                             | 73.7 x | 25.5 x | n.a.    | n.a.   | 34.8 x  | 22.2 x | 11.4 x |
| P / E                               | 30.8 x | 46.0 x | 210.4 x | n.a.   | 101.4 x | 20.7 x | 16.8 x |
| P / E adj.*                         | 30.8 x | 46.0 x | 210.4 x | n.a.   | 101.4 x | 20.7 x | 16.8 x |
| Dividend Yield                      | n.a.   | n.a.   | n.a.    | n.a.   | n.a.    | n.a.   | 2.0 %  |
| FCF Potential Yield (on market EV)  | 7.3 %  | 4.5 %  | 3.4 %   | 4.6 %  | 8.4 %   | 13.0 % | 16.9 % |

\*Adjustments made for: -

## Consolidated profit & loss

| In EUR m   | 2016          | 2017          | 2018          | 2019          | 2020e         | 2021e         | 2022e         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Sales</b>                                     | <b>77.3</b>   | <b>90.5</b>   | <b>106.2</b>  | <b>115.4</b>  | <b>123.0</b>  | <b>147.6</b>  | <b>177.1</b>  |
| Change Sales yoy                                 | 23.5 %        | 17.0 %        | 17.4 %        | 8.8 %         | 6.5 %         | 20.0 %        | 20.0 %        |
| Increase / decrease in inventory                 | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| Own work capitalised                             | 0.4           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>Total Sales</b>                               | <b>77.7</b>   | <b>90.5</b>   | <b>106.2</b>  | <b>115.4</b>  | <b>123.0</b>  | <b>147.6</b>  | <b>177.1</b>  |
| Material expenses                                | 7.7           | 8.5           | 7.7           | 6.2           | 8.0           | 8.9           | 10.6          |
| <b>Gross profit</b>                              | <b>70.0</b>   | <b>81.9</b>   | <b>98.4</b>   | <b>109.2</b>  | <b>115.0</b>  | <b>138.7</b>  | <b>166.5</b>  |
| <i>Gross profit margin</i>                       | <i>90.6 %</i> | <i>90.6 %</i> | <i>92.7 %</i> | <i>94.6 %</i> | <i>93.5 %</i> | <i>94.0 %</i> | <i>94.0 %</i> |
| Personnel expenses                               | 47.7          | 57.8          | 68.8          | 78.1          | 82.4          | 93.0          | 111.6         |
| Other operating income                           | 1.8           | 5.2           | 3.6           | 3.8           | 3.1           | 3.7           | 4.4           |
| Other operating expenses                         | 16.3          | 20.5          | 26.4          | 22.7          | 19.7          | 23.6          | 28.3          |
| Unfrequent items                                 | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>EBITDA</b>                                    | <b>7.8</b>    | <b>8.8</b>    | <b>6.8</b>    | <b>12.3</b>   | <b>16.0</b>   | <b>25.8</b>   | <b>31.0</b>   |
| <i>Margin</i>                                    | <i>10.1 %</i> | <i>9.7 %</i>  | <i>6.4 %</i>  | <i>10.6 %</i> | <i>13.0 %</i> | <i>17.5 %</i> | <i>17.5 %</i> |
| Depreciation of fixed assets                     | 1.1           | 1.4           | 2.7           | 2.0           | 2.5           | 3.0           | 3.5           |
| <b>EBITA</b>                                     | <b>6.7</b>    | <b>7.4</b>    | <b>4.1</b>    | <b>10.3</b>   | <b>13.5</b>   | <b>22.9</b>   | <b>27.5</b>   |
| Amortisation of intangible assets                | 1.8           | 2.2           | 2.5           | 6.8           | 9.2           | 10.6          | 12.8          |
| Goodwill amortisation                            | 1.0           | 0.2           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>EBIT</b>                                      | <b>3.9</b>    | <b>5.0</b>    | <b>1.6</b>    | <b>3.4</b>    | <b>4.3</b>    | <b>12.3</b>   | <b>14.7</b>   |
| <i>Margin</i>                                    | <i>5.1 %</i>  | <i>5.5 %</i>  | <i>1.5 %</i>  | <i>3.0 %</i>  | <i>3.5 %</i>  | <i>8.3 %</i>  | <i>8.3 %</i>  |
| <b>EBIT adj.</b>                                 | <b>3.9</b>    | <b>5.0</b>    | <b>1.6</b>    | <b>3.4</b>    | <b>4.3</b>    | <b>12.3</b>   | <b>14.7</b>   |
| Interest income                                  | 0.1           | 0.1           | 0.1           | 0.1           | 0.0           | 0.1           | 0.0           |
| Interest expenses                                | 0.6           | 0.8           | 1.6           | 2.3           | 2.2           | 2.0           | 2.0           |
| Other financial income (loss)                    | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>EBT</b>                                       | <b>3.5</b>    | <b>4.3</b>    | <b>0.2</b>    | <b>1.2</b>    | <b>2.1</b>    | <b>10.4</b>   | <b>12.7</b>   |
| <i>Margin</i>                                    | <i>4.5 %</i>  | <i>4.8 %</i>  | <i>0.2 %</i>  | <i>1.1 %</i>  | <i>1.7 %</i>  | <i>7.0 %</i>  | <i>7.2 %</i>  |
| Total taxes                                      | 0.6           | 0.5           | -0.8          | 4.4           | 0.6           | 3.0           | 3.7           |
| <b>Net income from continuing operations</b>     | <b>2.8</b>    | <b>3.9</b>    | <b>0.9</b>    | <b>-3.1</b>   | <b>1.5</b>    | <b>7.3</b>    | <b>9.0</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>2.8</b>    | <b>3.9</b>    | <b>0.9</b>    | <b>-3.1</b>   | <b>1.5</b>    | <b>7.3</b>    | <b>9.0</b>    |
| Minority interest                                | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| <b>Net income</b>                                | <b>2.8</b>    | <b>3.9</b>    | <b>0.9</b>    | <b>-3.1</b>   | <b>1.5</b>    | <b>7.3</b>    | <b>9.0</b>    |
| <i>Margin</i>                                    | <i>3.7 %</i>  | <i>4.3 %</i>  | <i>0.9 %</i>  | <i>-2.7 %</i> | <i>1.2 %</i>  | <i>5.0 %</i>  | <i>5.1 %</i>  |
| Number of shares, average                        | 1.9           | 1.9           | 1.9           | 2.0           | 2.0           | 2.0           | 2.0           |
| <b>EPS</b>                                       | <b>1.50</b>   | <b>2.05</b>   | <b>0.49</b>   | <b>-1.55</b>  | <b>0.74</b>   | <b>3.63</b>   | <b>4.46</b>   |
| EPS adj.   | 1.50          | 2.05          | 0.49          | -1.55         | 0.74          | 3.63          | 4.46          |

\*Adjustments made for:

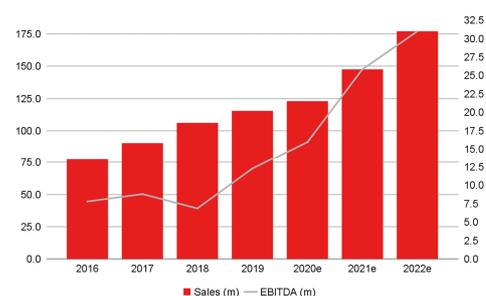
**Guidance: n.a.**

## Financial Ratios

|                               | 2016    | 2017    | 2018     | 2019    | 2020e   | 2021e   | 2022e   |
|-------------------------------|---------|---------|----------|---------|---------|---------|---------|
| Total Operating Costs / Sales | 90.4 %  | 90.3 %  | 93.6 %   | 89.4 %  | 87.0 %  | 82.5 %  | 82.5 %  |
| Operating Leverage            | n.a.    | 1.6 x   | -3.9 x   | 13.1 x  | 3.9 x   | 9.2 x   | 1.0 x   |
| EBITDA / Interest expenses    | 12.2 x  | 11.2 x  | 4.4 x    | 5.4 x   | 7.3 x   | 12.9 x  | 15.5 x  |
| Tax rate (EBT)                | 18.1 %  | 10.5 %  | -439.8 % | 354.6 % | 29.0 %  | 29.0 %  | 29.0 %  |
| Dividend Payout Ratio         | 0.0 %   | 0.0 %   | 0.0 %    | 0.0 %   | 0.0 %   | 0.0 %   | 33.7 %  |
| Sales per Employee            | 175,985 | 201,806 | 232,188  | 247,572 | 258,595 | 304,230 | 357,917 |

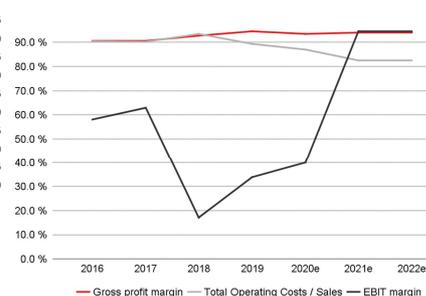
### Sales, EBITDA

in EUR m

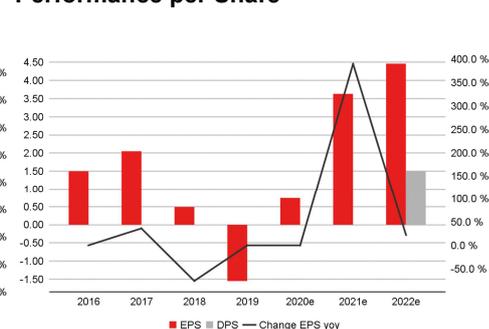


### Operating Performance

in %



### Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

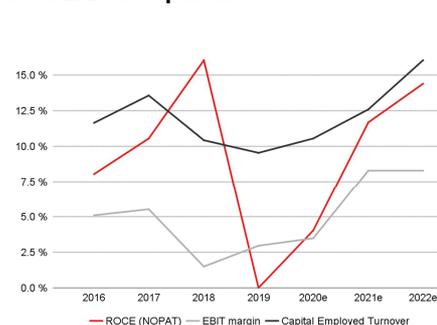
## Consolidated balance sheet

| In EUR m  | 2016        | 2017         | 2018         | 2019         | 2020e        | 2021e        | 2022e        |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Assets</b>   |             |              |              |              |              |              |              |
| Goodwill and other intangible assets                    | 23.8        | 25.4         | 30.0         | 27.6         | 20.4         | 11.8         | 1.0          |
| thereof other intangible assets                         | 18.8        | 21.4         | 12.2         | 22.2         | 15.0         | 6.4          | -4.4         |
| thereof Goodwill  | 5.0         | 4.0          | 17.9         | 5.4          | 5.4          | 5.4          | 5.4          |
| Property, plant and equipment                           | 8.9         | 14.2         | 22.7         | 33.0         | 33.6         | 33.6         | 33.1         |
| 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>32.7</b> | <b>39.6</b>  | <b>52.8</b>  | <b>60.7</b>  | <b>54.0</b>  | <b>45.4</b>  | <b>34.1</b>  |
| Inventories   | 1.2         | 1.0          | 0.5          | 0.3          | 1.2          | 1.5          | 1.8          |
| Accounts receivable                                     | 18.0        | 17.7         | 26.0         | 24.0         | 27.0         | 36.4         | 43.7         |
| Liquid assets   | 6.0         | 30.5         | 11.8         | 8.1          | 12.4         | 19.3         | 32.6         |
| Other short-term assets                                 | 13.7        | 17.8         | 20.0         | 21.2         | 21.2         | 21.2         | 21.2         |
| <b>Current assets</b>                                   | <b>38.9</b> | <b>67.0</b>  | <b>58.4</b>  | <b>53.5</b>  | <b>61.8</b>  | <b>78.3</b>  | <b>99.2</b>  |
| <b>Total Assets</b>                                     | <b>71.6</b> | <b>106.6</b> | <b>111.2</b> | <b>114.2</b> | <b>115.8</b> | <b>123.7</b> | <b>133.3</b> |
| <b>Liabilities and shareholders' equity</b>             |             |              |              |              |              |              |              |
| Subscribed capital                                      | 1.9         | 1.9          | 1.9          | 2.0          | 2.0          | 2.0          | 2.0          |
| Capital reserve   | 18.5        | 20.5         | 21.4         | 27.3         | 27.3         | 27.3         | 27.3         |
| Retained earnings                                       | 0.0         | 0.0          | 0.0          | 0.0          | 1.5          | 8.9          | 17.9         |
| Other equity components                                 | 11.3        | 16.3         | 15.8         | 11.8         | 11.8         | 11.7         | 11.7         |
| Shareholders' equity                                    | 31.7        | 38.7         | 39.2         | 41.2         | 42.7         | 49.9         | 58.9         |
| Minority interest                                       | 0.0         | 0.0          | 1.1          | 1.1          | 1.1          | 1.1          | 1.1          |
| <b>Total equity</b>                                     | <b>31.7</b> | <b>38.7</b>  | <b>40.3</b>  | <b>42.3</b>  | <b>43.7</b>  | <b>51.0</b>  | <b>60.0</b>  |
| Provisions  | 3.6         | 3.7          | 3.1          | 4.2          | 4.2          | 4.2          | 4.2          |
| thereof provisions for pensions and similar obligations | 1.7         | 1.9          | 1.6          | 2.8          | 2.8          | 2.8          | 2.8          |
| Financial liabilities (total)                           | 14.8        | 32.3         | 34.8         | 40.1         | 40.1         | 40.1         | 40.1         |
| thereof short-term financial liabilities                | 5.8         | 10.3         | 12.3         | 13.9         | 13.9         | 13.9         | 13.9         |
| Accounts payable  | 2.2         | 1.8          | 2.4          | 2.5          | 2.6          | 3.2          | 3.8          |
| Other liabilities                                       | 19.3        | 30.0         | 30.7         | 25.2         | 25.2         | 25.2         | 25.2         |
| <b>Liabilities</b>                                      | <b>39.9</b> | <b>67.9</b>  | <b>70.9</b>  | <b>71.9</b>  | <b>72.1</b>  | <b>72.7</b>  | <b>73.3</b>  |
| <b>Total liabilities and shareholders' equity</b>       | <b>71.6</b> | <b>106.6</b> | <b>111.2</b> | <b>114.2</b> | <b>115.8</b> | <b>123.7</b> | <b>133.3</b> |

## Financial Ratios

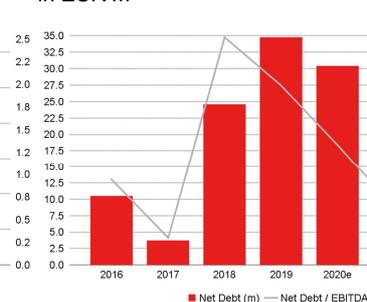
|   | 2016    | 2017   | 2018    | 2019    | 2020e   | 2021e  | 2022e  |
|---|---------|--------|---------|---------|---------|--------|--------|
| <b>Efficiency of Capital Employment</b> |         |        |         |         |         |        |        |
| Operating Assets Turnover               | 3.0 x   | 3.0 x  | 2.3 x   | 2.1 x   | 2.1 x   | 2.2 x  | 2.4 x  |
| Capital Employed Turnover               | 1.8 x   | 2.1 x  | 1.6 x   | 1.5 x   | 1.7 x   | 2.0 x  | 2.5 x  |
| ROA                                     | 8.6 %   | 9.8 %  | 1.8 %   | -5.2 %  | 2.8 %   | 16.2 % | 26.4 % |
| <b>Return on Capital</b>                |         |        |         |         |         |        |        |
| ROCE (NOPAT)                            | 8.1 %   | 10.6 % | 16.1 %  | n.a.    | 4.0 %   | 11.7 % | 14.4 % |
| ROE                                     | 9.3 %   | 11.1 % | 2.4 %   | -7.8 %  | 3.6 %   | 15.9 % | 16.6 % |
| Adj. ROE                                | 9.3 %   | 11.1 % | 2.4 %   | -7.8 %  | 3.6 %   | 15.9 % | 16.6 % |
| <b>Balance sheet quality</b>            |         |        |         |         |         |        |        |
| Net Debt                                | 10.5    | 3.7    | 24.6    | 34.8    | 30.4    | 23.6   | 10.3   |
| Net Financial Debt                      | 8.8     | 1.8    | 23.0    | 32.0    | 27.7    | 20.8   | 7.5    |
| Net Gearing                             | 33.1 %  | 9.6 %  | 61.1 %  | 82.3 %  | 69.5 %  | 46.3 % | 17.1 % |
| Net Fin. Debt / EBITDA                  | 112.8 % | 21.0 % | 337.0 % | 261.2 % | 172.9 % | 80.6 % | 24.2 % |
| Book Value / Share                      | 16.8    | 20.3   | 20.6    | 20.4    | 21.1    | 24.7   | 29.1   |
| Book value per share ex intangibles     | 4.2     | 7.0    | 4.8     | 6.7     | 11.0    | 18.9   | 28.6   |

### ROCE Development



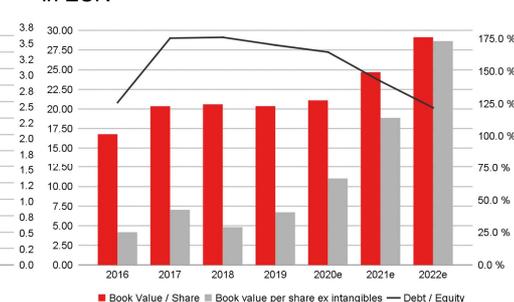
Source: Warburg Research

### Net debt in EUR m



Source: Warburg Research

### Book Value per Share in EUR



Source: Warburg Research

### Consolidated cash flow statement

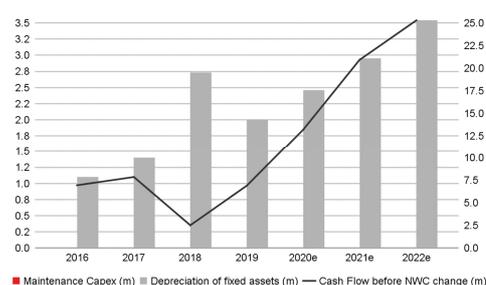
| In EUR m   | 2016        | 2017        | 2018         | 2019        | 2020e       | 2021e       | 2022e       |
|--|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Net income   | 2.8         | 3.9         | 0.9          | -3.1        | 1.5         | 7.3         | 9.0         |
| Depreciation of fixed assets                           | 1.1         | 1.4         | 2.7          | 2.0         | 2.5         | 3.0         | 3.5         |
| Amortisation of goodwill                               | 1.0         | 0.2         | 0.0          | 0.0         | 0.0         | 0.0         | 0.0         |
| Amortisation of intangible assets                      | 1.8         | 2.2         | 2.5          | 6.8         | 9.2         | 10.6        | 12.8        |
| Increase/decrease in long-term provisions              | 0.2         | 0.2         | -0.3         | 1.2         | 0.0         | 0.0         | 0.0         |
| Other non-cash income and expenses                     | 0.0         | 0.0         | -3.3         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Cash Flow before NWC change</b>                     | <b>6.9</b>  | <b>7.9</b>  | <b>2.5</b>   | <b>6.9</b>  | <b>13.2</b> | <b>20.9</b> | <b>25.3</b> |
| Increase / decrease in inventory                       | 0.5         | 0.2         | 0.5          | 0.2         | -0.9        | -0.3        | -0.3        |
| Increase / decrease in accounts receivable             | -5.4        | 0.3         | -8.3         | 2.0         | -3.0        | -9.4        | -7.3        |
| Increase / decrease in accounts payable                | -3.6        | 0.2         | -0.3         | 0.1         | 0.1         | 0.6         | 0.6         |
| Increase / decrease in other working capital positions | 5.2         | 6.6         | 0.0          | -9.6        | 0.0         | 0.0         | 0.0         |
| Increase / decrease in working capital (total)         | -3.4        | 7.3         | -8.2         | -7.1        | -3.8        | -9.1        | -7.0        |
| <b>Net cash provided by operating activities [1]</b>   | <b>3.6</b>  | <b>15.2</b> | <b>-5.7</b>  | <b>-0.2</b> | <b>9.4</b>  | <b>11.8</b> | <b>18.3</b> |
| Investments in intangible assets                       | -1.2        | -0.3        | -0.3         | -0.5        | -2.0        | -2.0        | -2.0        |
| Investments in property, plant and equipment           | -1.1        | -7.9        | -11.7        | -3.1        | -3.0        | -3.0        | -3.0        |
| Payments for acquisitions                              | 0.0         | 0.0         | -3.9         | 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                            | -2.6        | -1.1        | 0.2          | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Net cash provided by investing activities [2]</b>   | <b>-5.0</b> | <b>-9.3</b> | <b>-15.7</b> | <b>-3.6</b> | <b>-5.0</b> | <b>-5.0</b> | <b>-5.0</b> |
| Change in financial liabilities                        | 0.1         | 17.5        | -0.9         | 5.3         | 0.0         | 0.0         | 0.0         |
| Dividends paid   | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         | 0.0         | 0.0         |
| Purchase of own shares                                 | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         | 0.0         | 0.0         |
| Capital measures                                       | 0.0         | 0.0         | 0.6          | 0.0         | 0.0         | 0.0         | 0.0         |
| Other  | -2.2        | 1.6         | 0.0          | -5.2        | 0.0         | 0.0         | 0.0         |
| <b>Net cash provided by financing activities [3]</b>   | <b>-2.1</b> | <b>19.1</b> | <b>-0.3</b>  | <b>0.1</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |
| <b>Change in liquid funds [1]+[2]+[3]</b>              | <b>-3.5</b> | <b>25.1</b> | <b>-21.7</b> | <b>-3.8</b> | <b>4.4</b>  | <b>6.8</b>  | <b>13.3</b> |
| Effects of exchange-rate changes on cash               | 0.0         | 0.0         | -0.1         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Cash and cash equivalent at end of period</b>       | <b>2.8</b>  | <b>27.9</b> | <b>8.7</b>   | <b>2.3</b>  | <b>12.4</b> | <b>19.3</b> | <b>32.6</b> |

### Financial Ratios

|                                      | 2016    | 2017    | 2018      | 2019    | 2020e    | 2021e    | 2022e    |
|--------------------------------------|---------|---------|-----------|---------|----------|----------|----------|
| <b>Cash Flow</b>                     |         |         |           |         |          |          |          |
| FCF                                  | 1.2     | 7.0     | -17.6     | -3.9    | 4.4      | 6.8      | 13.3     |
| Free Cash Flow / Sales               | 1.5 %   | 7.8 %   | -16.6 %   | -3.4 %  | 3.5 %    | 4.6 %    | 7.5 %    |
| Free Cash Flow Potential             | 7.2     | 8.3     | 7.6       | 7.9     | 15.4     | 22.8     | 27.3     |
| Free Cash Flow / Net Profit          | 42.0 %  | 180.8 % | -1907.9 % | 124.3 % | 291.9 %  | 92.9 %   | 147.6 %  |
| Interest Received / Avg. Cash        | 2.2 %   | 0.7 %   | 0.7 %     | 0.7 %   | 0.0 %    | 0.6 %    | 0.0 %    |
| Interest Paid / Avg. Debt            | 4.3 %   | 3.3 %   | 4.7 %     | 6.1 %   | 5.5 %    | 5.0 %    | 5.0 %    |
| <b>Management of Funds</b>           |         |         |           |         |          |          |          |
| Investment ratio                     | 3.1 %   | 9.0 %   | 11.3 %    | 3.2 %   | 4.1 %    | 3.4 %    | 2.8 %    |
| Maint. Capex / Sales                 | 0.0 %   | 0.0 %   | 0.0 %     | 0.0 %   | 0.0 %    | 0.0 %    | 0.0 %    |
| Capex / Dep                          | 61.4 %  | 215.8 % | 228.7 %   | 41.3 %  | 42.8 %   | 36.8 %   | 30.7 %   |
| Avg. Working Capital / Sales         | 16.1 %  | 18.1 %  | 18.9 %    | 19.9 %  | 19.3 %   | 20.4 %   | 21.6 %   |
| Trade Debtors / Trade Creditors      | 819.6 % | 964.6 % | 1100.6 %  | 965.5 % | 1038.5 % | 1137.5 % | 1150.0 % |
| Inventory Turnover                   | 6.4 x   | 8.6 x   | 14.8 x    | 21.9 x  | 6.7 x    | 5.9 x    | 5.9 x    |
| Receivables collection period (days) | 85      | 71      | 90        | 76      | 80       | 90       | 90       |
| Payables payment period (days)       | 105     | 79      | 112       | 146     | 119      | 132      | 131      |
| Cash conversion cycle (Days)         | 23      | -1      | 2         | -53     | 16       | 20       | 21       |

### CAPEX and Cash Flow

in EUR m



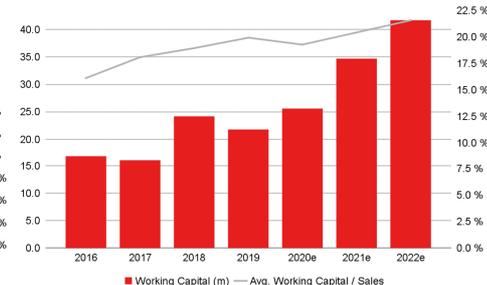
Source: Warburg Research

### Free Cash Flow Generation



Source: Warburg Research

### Working Capital



Source: Warburg Research

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|     |                          |   |
|-----|--------------------------|---|
| -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.                         |

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| Rating           | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy              | 132              | 65            |
| Hold             | 56               | 27            |
| Sell             | 11               | 5             |
| Rating suspended | 5                | 2             |
| <b>Total</b>     | <b>204</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              | 35               | 88            |
| Hold             | 3                | 8             |
| Sell             | 0                | 0             |
| Rating suspended | 2                | 5             |
| <b>Total</b>     | <b>40</b>        | <b>100</b>    |

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