

Buy EUR 155.00 (EUR 120.00) Price EUR 122.00 Upside 27.0 %	Value Indicators: EUR DCF: 154.48	Warburg ESG Risk Score: 2.2 ESG Score (MSCI based): 3.0 Balance Sheet Score: 3.5 Market Liquidity Score: 0.0	Description: Leading software company for stationary retailers
	Market Snapshot: EUR m Market cap: 230.6 No. of shares (m): 1.9 EV: 254.2 Freefloat MC: 91.1 Ø Trad. Vol. (30d): 478.80 th	Shareholders: Freefloat 39.5 % GK Software Holding 49.6 % SAP 5.3 % Rainer Gläß 3.3 % Stephan Kronmüller 2.3 %	Key Figures (WRe): 2020e Beta: 1.4 Price / Book: 5.3 x Equity Ratio: 40 % Net Fin. Debt / EBITDA: 1.3 x Net Debt / EBITDA: 1.5 x

Roadshow feedback and model adjustment

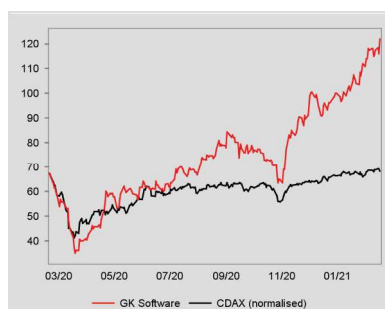
The company gave an overview of its current business development at a roadshow on February 17, 2021. The following aspects of the equity story became clear:

- **2020:** A slight expansion in revenue will be accompanied by a significant improvement in profitability.
- The company is one of the leading providers in its sector. RBR Global POS Software even describes GK as “the global no. 1 retail software”. The importance of software in the **reinvention of the retail market** in competition with internet-based business models (aka Amazon) is greater than ever. At the same time, retailers in particular have sufficient financial resources to carry out projects.
- **Cloud business increased massively** with five new SaaS customers for the core solutions. In total, cloud contracts with a minimum order volume (TCV) of more than EUR 48m were concluded, which, as SaaS offerings, in most cases have a term of between three to ten years. A global alliance between Microsoft and GK Software now makes the company’s POS Retail Solution available on Microsoft Azure. This also underlines the move towards the cloud, which is typically associated with lower upfront licenses in the short term, but predictable high margins in the long term.
- **New solutions** such as Deutsche Fiskal (fiscalisation) or the vertical for (US) gas stations could even offer potential above the numbers modelled below.

The aforementioned factors cast the company's valuation in a new light. After several successful quarters, the question of sustainability of profitability no longer arises. A future tendency towards a higher share of partner-licence and cloud sales leads to a lower top line with better margins. Overall, the visibility of the business model increases significantly, which could fuel a multiple expansion towards German high-quality software small caps. For now, this leads to an adjustment of the risk adjustment in the DCF model (beta from 1.7 to 1.4 with more potential once results continue to follow a stable trend). Together, the adjustment results in an increase in the target price from EUR 120 to EUR 155.

The share continues to be rated Buy.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2020e (old)	+ / -	2021e (old)	+ / -	2022e (old)	+ / -	
Sales	125.0	-4.0 %	150.0	-5.6 %	180.0	-7.2 %	<ul style="list-style-type: none"> ▪ In the context of the company's current reporting, a slightly lower level of sales is planned for the 2020 financial year than initially expected. However, this is clearly offset by a strong sales quality (high license revenues). This is presumably explained by a high proportion of customers acquired via the partner SAP. These only lead to license revenues and not, as is the case with self-acquired customers, also to project revenues. This has a positive effect on the profit margin. ▪ In addition, significantly lower depreciation is assumed than before (2020 and beyond). This was already evident in the 9M numbers.
EBITDA	18.1	5.3 %	26.3	-11.0 %	31.5	-9.8 %	
EBIT	6.3	61.3 %	12.5	8.0 %	14.9	11.8 %	
DPS	0.00	0.0 %	0.00	0.0 %	1.50	0.0 %	

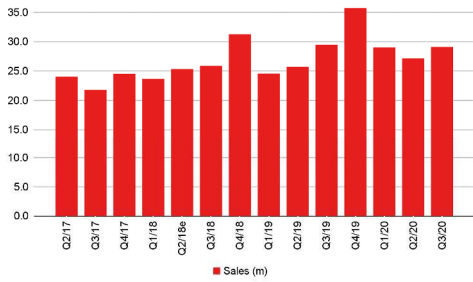


Rel. Performance vs CDAX:	
1 month:	15.1 %
6 months:	55.6 %
Year to date:	19.2 %
Trailing 12 months:	77.7 %

Company events:	
28.04.21	FY 2020
27.05.21	Q1
17.06.21	AGM
26.08.21	Q2

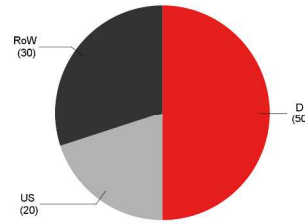
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	13.1 %	77.3	90.5	106.2	115.4	120.0	141.6	167.1
Change Sales yoy		23.5 %	17.0 %	17.4 %	8.8 %	3.9 %	18.0 %	18.0 %
Gross profit margin		90.6 %	90.6 %	92.7 %	94.6 %	93.4 %	94.0 %	94.0 %
EBITDA	32.3 %	7.8	8.8	6.8	12.3	19.1	23.4	28.4
Margin		10.1 %	9.7 %	6.4 %	10.6 %	15.9 %	16.5 %	17.0 %
EBIT	69.5 %	3.9	5.0	1.6	3.4	10.1	13.5	16.7
Margin		5.1 %	5.5 %	1.5 %	3.0 %	8.4 %	9.5 %	10.0 %
Net income	-	2.8	3.9	0.9	-3.1	5.5	8.0	10.3
EPS	-	1.50	2.05	0.49	-1.55	2.71	3.95	5.08
EPS adj.	-	1.50	2.05	0.49	-1.55	2.71	3.95	5.08
DPS	-	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.	1.2 %
FCFPS		0.63	3.70	-9.27	-1.92	3.20	2.30	5.51
FCF / Market cap		1.4 %	3.9 %	-9.0 %	-2.8 %	2.6 %	1.9 %	4.5 %
EV / Sales		1.3 x	2.0 x	2.1 x	1.5 x	2.3 x	1.9 x	1.6 x
EV / EBITDA		12.5 x	20.9 x	32.3 x	14.1 x	14.4 x	11.6 x	9.1 x
EV / EBIT		24.8 x	36.7 x	138.3 x	50.4 x	27.3 x	20.1 x	15.5 x
P / E		30.8 x	46.0 x	210.4 x	n.a.	45.0 x	30.9 x	24.0 x
P / E adj.		30.8 x	46.0 x	210.4 x	n.a.	45.0 x	30.9 x	24.0 x
FCF Potential Yield		7.3 %	4.5 %	3.4 %	4.6 %	6.1 %	7.4 %	9.3 %
Net Debt		10.5	3.7	24.6	34.8	28.3	23.7	12.5
ROCE (NOPAT)		8.1 %	10.6 %	16.1 %	n.a.	9.3 %	12.3 %	15.0 %
Guidance:	n.a.							

Sales development
in EUR m



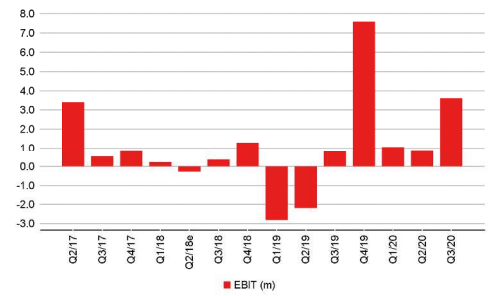
Source: Warburg Research

Employees per location
2020e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

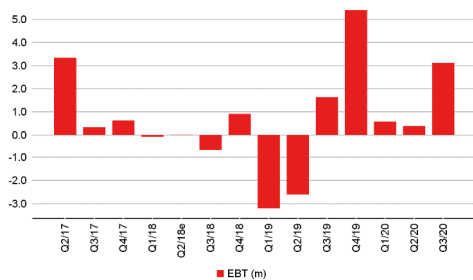
Company Background

- 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

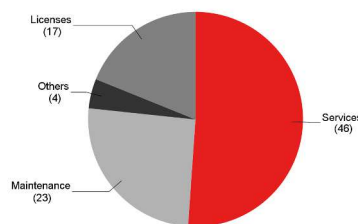
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



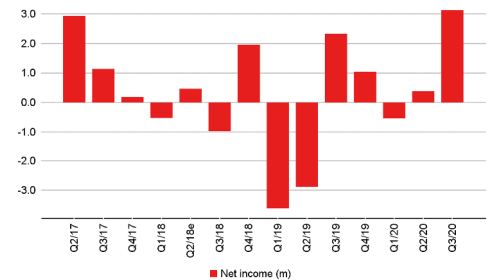
Source: Warburg Research

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	120.0	141.6	167.1	188.8	209.6	228.4	242.1	256.7	272.1	288.4	305.7	321.0	337.0	
Sales change	3.9 %	18.0 %	18.0 %	13.0 %	11.0 %	9.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	2.5 %
EBIT	10.1	13.5	16.7	20.8	25.1	29.7	33.9	38.5	43.5	49.0	52.0	54.6	57.3	
EBIT-margin	8.4 %	9.5 %	10.0 %	11.0 %	12.0 %	13.0 %	14.0 %	15.0 %	16.0 %	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	7.2	9.6	11.9	14.7	17.9	21.1	24.1	27.3	30.9	34.8	36.9	38.7	40.7	
Depreciation	9.0	9.9	11.7	17.0	18.9	16.0	14.5	12.8	13.6	14.4	15.3	16.0	16.9	
in % of Sales	7.5 %	7.0 %	7.0 %	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	0.0	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	3.1	8.4	6.0	4.1	4.8	4.3	3.2	3.3	3.5	3.8	4.0	3.5	3.7	
- Capex	5.0	5.0	5.0	15.1	16.8	13.7	13.3	14.1	15.0	15.9	16.8	17.7	16.9	
Capex in % of Sales	4.2 %	3.5 %	3.0 %	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)	8.0	6.1	12.6	10.4	15.2	19.1	22.2	22.8	26.1	29.7	31.5	33.7	37.0	39
PV of FCF	8.1	5.6	10.6	8.0	10.8	12.4	13.2	12.4	13.0	13.5	13.1	12.9	13.0	202
share of PVs	6.98 %			35.11 %										57.91 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.40
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.40
Market return	7.00 %	Cyclicality	1.40
Risk free rate	1.50 %	Transparency	1.40
		Others	1.40
WACC	9.20 %	Beta	1.40

Valuation (m)

Present values 2032e	147		
Terminal Value	202		
Financial liabilities	40		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	8	No. of shares (m)	2.0
Equity Value	313	Value per share (EUR)	154.48

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
1.58	10.2 %	121.51	123.67	125.97	128.42	131.03	133.82	136.82	1.58	10.2 %	112.23	117.63	123.02	128.42	133.81	139.21	144.61
1.49	9.7 %	132.21	134.80	137.56	140.51	143.67	147.06	150.72	1.49	9.7 %	123.13	128.92	134.71	140.51	146.30	152.09	157.88
1.45	9.5 %	138.12	140.95	143.98	147.23	150.72	154.48	158.55	1.45	9.5 %	129.19	135.21	141.22	147.23	153.24	159.26	165.27
1.40	9.2 %	144.44	147.56	150.90	154.48	158.35	162.53	167.05	1.40	9.2 %	135.74	141.98	148.23	154.48	160.73	166.98	173.23
1.35	9.0 %	151.23	154.66	158.35	162.32	166.61	171.27	176.33	1.35	9.0 %	142.81	149.31	155.82	162.32	168.82	175.33	181.83
1.31	8.7 %	158.53	162.32	166.40	170.81	175.60	180.80	186.48	1.31	8.7 %	150.47	157.25	164.03	170.81	177.59	184.38	191.16
1.22	8.2 %	174.91	179.57	184.63	190.12	196.12	202.70	209.94	1.22	8.2 %	167.90	175.31	182.71	190.12	197.53	204.94	212.35

- 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	5.3 x	4.5 x	3.8 x
Book value per share ex intangibles	4.18	7.02	4.82	6.71	11.74	18.25	26.57
EV / Sales	1.3 x	2.0 x	2.1 x	1.5 x	2.3 x	1.9 x	1.6 x
EV / EBITDA	12.5 x	20.9 x	32.3 x	14.1 x	14.4 x	11.6 x	9.1 x
EV / EBIT	24.8 x	36.7 x	138.3 x	50.4 x	27.3 x	20.1 x	15.5 x
EV / EBIT adj.*	24.8 x	36.7 x	138.3 x	50.4 x	27.3 x	20.1 x	15.5 x
P / FCF	73.7 x	25.5 x	n.a.	n.a.	38.1 x	53.2 x	22.2 x
P / E	30.8 x	46.0 x	210.4 x	n.a.	45.0 x	30.9 x	24.0 x
P / E adj.*	30.8 x	46.0 x	210.4 x	n.a.	45.0 x	30.9 x	24.0 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.2 %
FCF Potential Yield (on market EV)	7.3 %	4.5 %	3.4 %	4.6 %	6.1 %	7.4 %	9.3 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	77.3	90.5	106.2	115.4	120.0	141.6	167.1
Change Sales yoy	23.5 %	17.0 %	17.4 %	8.8 %	3.9 %	18.0 %	18.0 %
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	0.5	0.0	0.0
Total Sales	77.7	90.5	106.2	115.4	120.5	141.6	167.1
Material expenses	7.7	8.5	7.7	6.2	8.4	8.5	10.0
Gross profit	70.0	81.9	98.4	109.2	112.1	133.1	157.1
<i>Gross profit margin</i>	<i>90.6 %</i>	<i>90.6 %</i>	<i>92.7 %</i>	<i>94.6 %</i>	<i>93.4 %</i>	<i>94.0 %</i>	<i>94.0 %</i>
Personnel expenses	47.7	57.8	68.8	78.1	76.8	89.2	105.3
Other operating income	1.8	5.2	3.6	3.8	3.0	3.5	4.2
Other operating expenses	16.3	20.5	26.4	22.7	19.2	24.1	27.6
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	7.8	8.8	6.8	12.3	19.1	23.4	28.4
<i>Margin</i>	<i>10.1 %</i>	<i>9.7 %</i>	<i>6.4 %</i>	<i>10.6 %</i>	<i>15.9 %</i>	<i>16.5 %</i>	<i>17.0 %</i>
Depreciation of fixed assets	1.1	1.4	2.7	2.0	2.4	2.8	3.3
EBITA	6.7	7.4	4.1	10.3	16.7	20.5	25.1
Amortisation of intangible assets	1.8	2.2	2.5	6.8	6.6	7.1	8.4
Goodwill amortisation	1.0	0.2	0.0	0.0	0.0	0.0	0.0
EBIT	3.9	5.0	1.6	3.4	10.1	13.5	16.7
<i>Margin</i>	<i>5.1 %</i>	<i>5.5 %</i>	<i>1.5 %</i>	<i>3.0 %</i>	<i>8.4 %</i>	<i>9.5 %</i>	<i>10.0 %</i>
EBIT adj.	3.9	5.0	1.6	3.4	10.1	13.5	16.7
Interest income	0.1	0.1	0.1	0.1	0.0	0.0	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
EBT	3.5	4.3	0.2	1.2	7.9	11.5	14.7
<i>Margin</i>	<i>4.5 %</i>	<i>4.8 %</i>	<i>0.2 %</i>	<i>1.1 %</i>	<i>6.6 %</i>	<i>8.1 %</i>	<i>8.8 %</i>
Total taxes	0.6	0.5	-0.8	4.4	2.3	3.3	4.3
Net income from continuing operations	2.8	3.9	0.9	-3.1	5.6	8.1	10.4
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	2.8	3.9	0.9	-3.1	5.6	8.1	10.4
Minority interest	0.0	0.0	0.0	0.0	0.1	0.1	0.2
Net income	2.8	3.9	0.9	-3.1	5.5	8.0	10.3
<i>Margin</i>	<i>3.7 %</i>	<i>4.3 %</i>	<i>0.9 %</i>	<i>-2.7 %</i>	<i>4.6 %</i>	<i>5.6 %</i>	<i>6.2 %</i>
Number of shares, average	1.9	1.9	1.9	2.0	2.0	2.0	2.0
EPS	1.50	2.05	0.49	-1.55	2.71	3.95	5.08
EPS adj.	1.50	2.05	0.49	-1.55	2.71	3.95	5.08

*Adjustments made for:

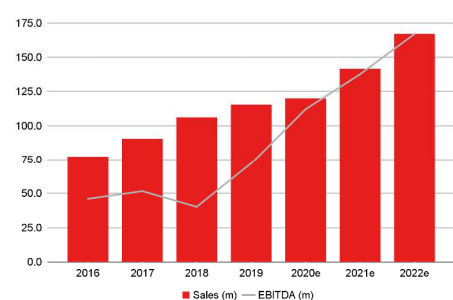
Guidance: n.a.

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	90.4 %	90.3 %	93.6 %	89.4 %	84.5 %	83.5 %	83.0 %
Operating Leverage	n.a.	1.6 x	-3.9 x	13.1 x	49.2 x	1.9 x	1.3 x
EBITDA / Interest expenses	12.2 x	11.2 x	4.4 x	5.4 x	8.7 x	11.7 x	14.2 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 %	29.1 %
Sales per Employee	175,985	201,806	232,188	247,572	252,288	291,863	337,645

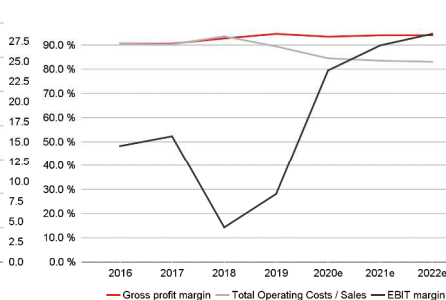
Sales, EBITDA

in EUR m

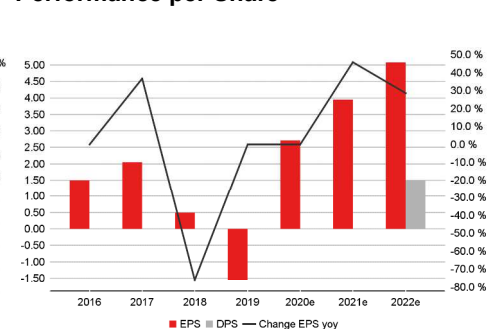


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

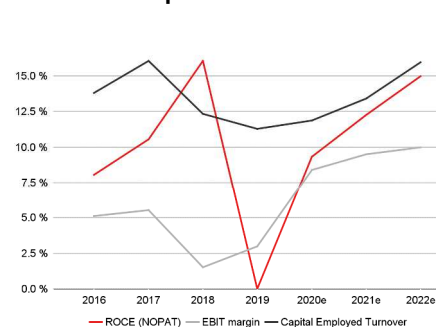
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	23.8	25.4	30.0	27.6	23.0	17.9	11.6
thereof other intangible assets	18.8	21.4	12.2	22.2	17.6	12.6	6.2
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	33.8	33.4
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
Fixed assets	32.7	39.6	52.8	60.7	56.7	51.7	45.0
Inventories	1.2	1.0	0.5	0.3	1.2	1.4	1.7
Accounts receivable	18.0	17.7	26.0	24.0	26.3	34.9	41.2
Liquid assets	6.0	30.5	11.8	8.1	14.6	19.2	30.3
Other short-term assets	13.7	17.8	20.0	21.2	21.2	21.2	21.2
Current assets	38.9	67.0	58.4	53.5	63.2	76.7	94.4
Total Assets	71.6	106.6	111.2	114.2	119.9	128.4	139.4
Liabilities and shareholders' equity							
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	5.5	13.5	23.8
Other equity components	11.3	16.3	15.8	11.8	11.9	12.0	12.2
Shareholders' equity	31.7	38.7	39.2	41.2	46.8	54.9	65.3
Minority interest	0.0	0.0	1.1	1.1	1.1	1.1	1.1
Total equity	31.7	38.7	40.3	42.3	47.8	55.9	66.4
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	3.0	3.6
Other liabilities	19.3	30.0	30.7	25.2	25.2	25.2	25.2
Liabilities	39.9	67.9	70.9	71.9	72.1	72.5	73.1
Total liabilities and shareholders' equity	71.6	106.6	111.2	114.2	119.9	128.4	139.4

Financial Ratios

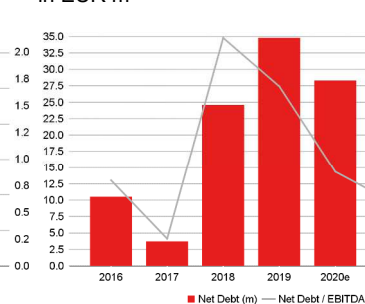
	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	3.0 x	3.0 x	2.3 x	2.1 x	2.1 x	2.1 x	2.3 x
Capital Employed Turnover	1.8 x	2.1 x	1.6 x	1.5 x	1.6 x	1.8 x	2.1 x
ROA	8.6 %	9.8 %	1.8 %	-5.2 %	9.7 %	15.4 %	22.8 %
Return on Capital							
ROCE (NOPAT)	8.1 %	10.6 %	16.1 %	n.a.	9.3 %	12.3 %	15.0 %
ROE	9.3 %	11.1 %	2.4 %	-7.8 %	12.5 %	15.7 %	17.1 %
Adj. ROE	9.3 %	11.1 %	2.4 %	-7.8 %	12.5 %	15.7 %	17.1 %
Balance sheet quality							
Net Debt	10.5	3.7	24.6	34.8	28.3	23.7	12.5
Net Financial Debt	8.8	1.8	23.0	32.0	25.5	20.9	9.8
Net Gearing	33.1 %	9.6 %	61.1 %	82.3 %	59.2 %	42.3 %	18.9 %
Net Fin. Debt / EBITDA	112.8 %	21.0 %	337.0 %	261.2 %	133.8 %	89.4 %	34.3 %
Book Value / Share	16.8	20.3	20.6	20.4	23.1	27.1	32.3
Book value per share ex intangibles	4.2	7.0	4.8	6.7	11.7	18.3	26.6

ROCE Development



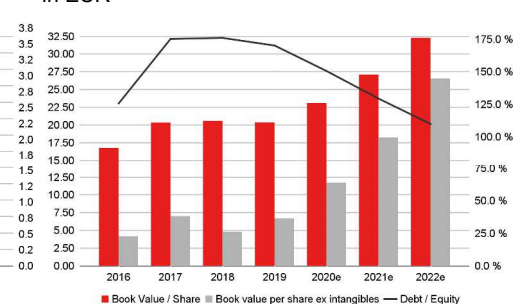
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

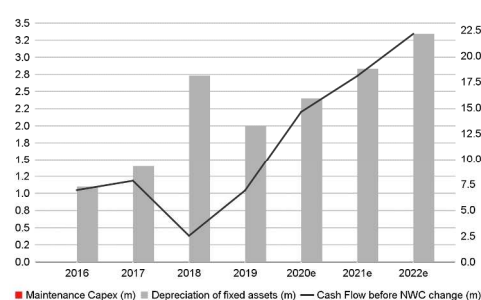
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	2.8	3.9	0.9	-3.1	5.6	8.1	10.4
Depreciation of fixed assets	1.1	1.4	2.7	2.0	2.4	2.8	3.3
Amortisation of goodwill	1.0	0.2	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.8	2.2	2.5	6.8	6.6	7.1	8.4
Increase/decrease in long-term provisions	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
Cash Flow before NWC change	6.9	7.9	2.5	6.9	14.6	18.0	22.1
Increase / decrease in inventory	0.5	0.2	0.5	0.2	-0.9	-0.2	-0.3
Increase / decrease in accounts receivable	-5.4	0.3	-8.3	2.0	-2.3	-8.6	-6.3
Increase / decrease in accounts payable	-3.6	0.2	-0.3	0.1	0.1	0.4	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	-3.1	-8.4	-6.0
Net cash provided by operating activities [1]	3.6	15.2	-5.7	-0.2	11.5	9.6	16.1
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
Net cash provided by investing activities [2]	-5.0	-9.3	-15.7	-3.6	-5.0	-5.0	-5.0
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
Net cash provided by financing activities [3]	-2.1	19.1	-0.3	0.1	0.0	0.0	0.0
Change in liquid funds [1]+[2]+[3]	-3.5	25.1	-21.7	-3.8	6.5	4.6	11.1
Effects of exchange-rate changes on cash	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	2.8	27.9	8.7	2.3	14.6	19.2	30.3

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	1.2	7.0	-17.6	-3.9	6.5	4.6	11.1
Free Cash Flow / Sales	1.5 %	7.8 %	-16.6 %	-3.4 %	5.4 %	3.3 %	6.7 %
Free Cash Flow Potential	7.2	8.3	7.6	7.9	16.8	20.0	24.1
Free Cash Flow / Net Profit	42.0 %	180.8 %	-1907.9 %	124.3 %	118.3 %	58.1 %	108.4 %
Interest Received / Avg. Cash	2.2 %	0.7 %	0.7 %	0.7 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.3 %	3.3 %	4.7 %	6.1 %	5.5 %	5.0 %	5.0 %
Management of Funds							
Investment ratio	3.1 %	9.0 %	11.3 %	3.2 %	4.2 %	3.5 %	3.0 %
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 %	55.6 %	50.4 %	42.7 %
Avg. Working Capital / Sales	16.1 %	18.1 %	18.9 %	19.9 %	19.5 %	20.6 %	21.7 %
Trade Debtors / Trade Creditors	819.6 %	964.6 %	1100.6 %	965.5 %	1011.5 %	1163.3 %	1144.4 %
Inventory Turnover	6.4 x	8.6 x	14.8 x	21.9 x	7.0 x	6.1 x	5.9 x
Receivables collection period (days)	85	71	90	76	80	90	90
Payables payment period (days)	105	79	112	146	113	129	131
Cash conversion cycle (Days)	23	-1	2	-53	19	21	21

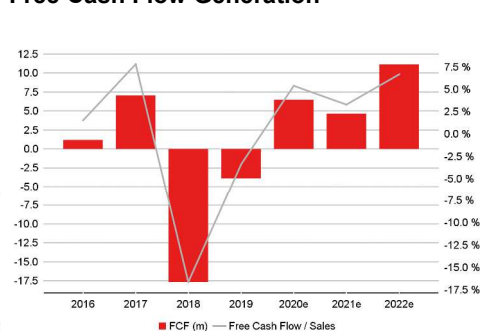
CAPEX and Cash Flow

in EUR m



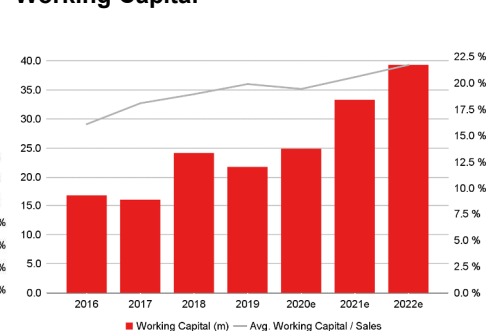
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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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-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
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-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	131	63
Hold	62	30
Sell	8	4
Rating suspended	6	3
Total	207	100

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	38	79
Hold	7	15
Sell	0	0
Rating suspended	3	6
Total	48	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 18.02.2021


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

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@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 40 3282-2664
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 69 5050-7414
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
Bloomberg RESP MMWA GO
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Capital IQ 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