

<p>Buy</p> <p>EUR 170.00 (EUR 155.00)</p> <p>Price EUR 120.00</p> <p>Upside 41.7 %</p>	<p>Value Indicators: EUR</p> <p>DCF: 169.08</p>	<p>Warburg ESG Risk Score: 2.2</p> <p>ESG Score (MSCI based): 3.0</p> <p>Balance Sheet Score: 3.5</p> <p>Market Liquidity Score: 0.0</p>	<p>Description:</p> <p>Leading software company for stationary retailers</p>
	<p>Market Snapshot: EUR m</p> <p>Market cap: 226.8</p> <p>No. of shares (m): 1.9</p> <p>EV: 249.6</p> <p>Freefloat MC: 94.3</p> <p>Ø Trad. Vol. (30d): 492.57 th</p>	<p>Shareholders:</p> <p>Freefloat 41.6 %</p> <p>Rainer Gläß 29.2 %</p> <p>Stephan Kronmüller 23.0 %</p> <p>Wilhelm K.T. Zours 6.2 %</p>	<p>Key Figures (WRe): 2021e</p> <p>Beta: 1.3</p> <p>Price / Book: 5.2 x</p> <p>Equity Ratio: 48 %</p> <p>Net Fin. Debt / EBITDA: 0.8 x</p> <p>Net Debt / EBITDA: 0.9 x</p>

Strong margin outlook

GK Software announced the final figures for 2020 today. These confirmed the previously announced key data, while net income was strong at EUR 6.3m (WRe (old): EUR 5.5m). In addition, the company held a conference call with important information on further business development:

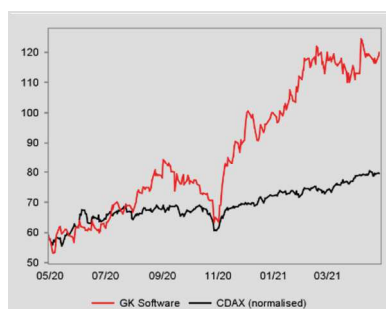
Again, the **partnership with SAP** deserves special mention. SAP lists almost the entire range of GK solutions in its own product offering. It is estimated that up to 60% of licence sales could come from the partner SAP.

The potential of the subsidiary **Deutsche Fiskal** and its relevance were again confirmed. In the course of 2020, fiscalisation contracts were concluded with over 100 customers. The value of these contracts is estimated at around EUR 33-35m with an average contract term of three years. From the second quarter onwards, i.e. for another nine months of 2021, sales between EUR 8-9m can be expected (WRe). In addition, the company indicated that there have been no problems with the roll-out of the solution so far. The product could turn out to be very attractive in terms of margin (WRe 53% EBITDA).

Despite the company's relatively young business, around 20% (previous year 14%) of sales are recurring. The company describes a further 58% (48%) of sales as repeatable. 94% of sales are directly related to the core product Cloud4retail. However, in terms of sales expectations, the tendency of customers to request software from the cloud has a negative aspect. Compared to the classic license model (upfront), lower sales are shown for the same service during the implementation phase. Conversely, however, this means a very attractive margin in the medium term (main subject of the model update, WRe). On the basis of strong figures and a promising strategic development, the company itself is also optimistic. By 2023, GK Software expects sales between EUR 160-175m. At the same time, the margin (EBIT) should be 15%. According to the company, this target could possibly be achieved before then.

The adjustment of earnings expectations and small adjustments in the DCF model lead to a higher price target of EUR 170 (155). The share continues to be rated Buy.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2021e (old)	+ / -	2022e (old)	+ / -	2023e (old)	+ / -	
Sales	141.6	-5.4 %	167.1	-8.6 %	n.a.	n.m.	<ul style="list-style-type: none"> A higher share of cloud revenues than originally expected leads to slightly lower revenues. This effect is more than compensated by the expected success of Deutsche Fiskal, which is estimated to show a very attractive margin profile.
EBITDA	23.4	3.2 %	28.4	7.6 %	n.a.	n.m.	
EBIT	13.5	11.6 %	16.7	20.7 %	n.a.	n.m.	
DPS	0.00	0.0 %	1.50	0.0 %	n.a.	n.m.	



Rel. Performance vs CDAX:

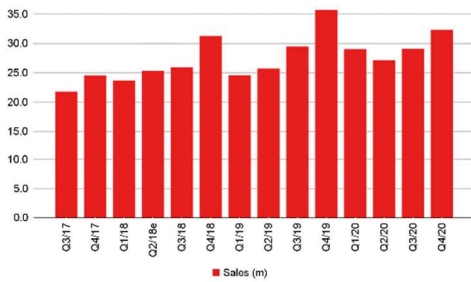
1 month:	4.0 %
6 months:	58.2 %
Year to date:	9.7 %
Trailing 12 months:	65.6 %

Company events:

27.05.21	Q1
17.06.21	AGM
26.08.21	Q2
25.11.21	Q3

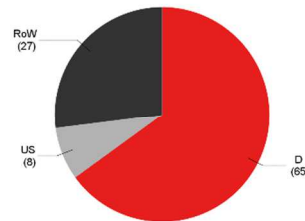
FY End: 31.12. in EUR m	CAGR (20-23e)	2017	2018	2019	2020	2021e	2022e	2023e
Sales	14.0 %	90.5	106.2	115.4	117.6	134.0	152.8	174.2
Change Sales yoy		17.0 %	17.4 %	8.8 %	1.8 %	14.0 %	14.0 %	14.0 %
Gross profit margin		90.6 %	92.7 %	94.6 %	92.7 %	92.0 %	92.0 %	92.0 %
EBITDA	23.9 %	8.8	6.8	12.3	19.7	24.1	30.6	37.4
Margin		9.7 %	6.4 %	10.6 %	16.7 %	18.0 %	20.0 %	21.5 %
EBIT	34.4 %	5.0	1.6	3.4	10.5	15.0	20.2	25.6
Margin		5.5 %	1.5 %	3.0 %	9.0 %	11.2 %	13.2 %	14.7 %
Net income	37.9 %	3.9	0.9	-3.1	6.3	9.1	12.7	16.6
EPS	31.0 %	2.05	0.49	-1.55	3.00	3.70	5.18	6.74
EPS adj.	31.0 %	2.05	0.49	-1.55	3.00	3.70	5.18	6.74
DPS	-	0.00	0.00	0.00	0.00	0.00	1.50	1.50
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	1.3 %	1.3 %
FCFPS		3.70	-9.27	-1.92	7.11	1.52	5.69	7.64
FCF / Market cap		3.9 %	-9.0 %	-2.8 %	10.3 %	1.3 %	4.7 %	6.4 %
EV / Sales		2.0 x	2.1 x	1.5 x	1.5 x	2.4 x	2.0 x	1.7 x
EV / EBITDA		20.9 x	32.3 x	14.1 x	8.7 x	13.2 x	9.9 x	7.7 x
EV / EBIT		36.7 x	138.3 x	50.4 x	16.4 x	21.2 x	15.1 x	11.3 x
P / E		46.0 x	210.4 x	n.a.	23.0 x	32.4 x	23.2 x	17.8 x
P / E adj.		46.0 x	210.4 x	n.a.	23.0 x	32.4 x	23.2 x	17.8 x
FCF Potential Yield		4.5 %	3.4 %	4.6 %	9.8 %	6.4 %	8.3 %	10.6 %
Net Debt		3.7	24.6	34.8	26.5	22.8	8.8	-6.3
ROCE (NOPAT)		10.6 %	16.1 %	n.a.	9.5 %	13.7 %	17.9 %	23.1 %
Guidance:	n.a.							

Sales development
in EUR m



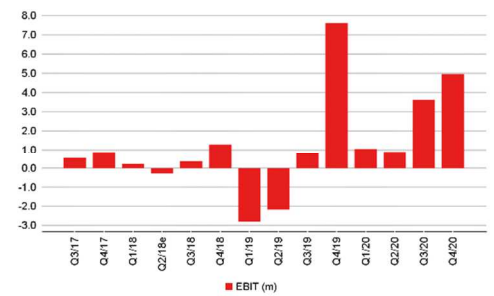
Source: Warburg Research

Employees per location
2020; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

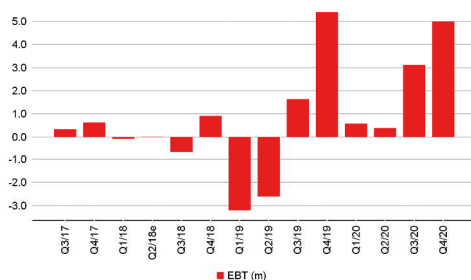
Company Background

- 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

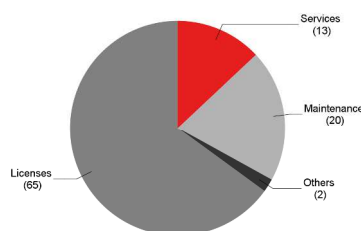
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



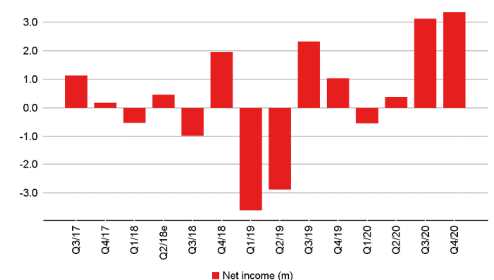
Source: Warburg Research

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
	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
Sales	134.0	152.8	174.2	196.8	218.5	238.1	257.2	275.2	291.7	309.2	327.7	344.1	361.3	
Sales change	14.0 %	14.0 %	14.0 %	13.0 %	11.0 %	9.0 %	8.0 %	7.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	2.5 %
EBIT	15.0	20.2	25.6	29.5	32.8	38.1	41.1	46.8	49.6	52.6	55.7	58.5	61.4	
EBIT-margin	11.2 %	13.2 %	14.7 %	15.0 %	15.0 %	16.0 %	16.0 %	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	10.7	14.3	18.2	21.0	23.3	27.1	29.2	33.2	35.2	37.3	39.6	41.5	43.6	
Depreciation	9.1	10.4	11.8	17.7	19.7	16.7	15.4	13.8	14.6	15.5	16.4	17.2	18.1	
in % of Sales	6.8 %	6.8 %	6.8 %	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	-2.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	9.6	4.3	4.8	5.1	4.9	4.4	4.3	4.1	3.7	3.9	4.2	3.7	3.9	
- Capex	5.0	5.0	5.0	15.7	17.5	14.3	14.1	15.1	16.0	17.0	18.0	18.9	18.1	
Capex in % of Sales	3.7 %	3.3 %	2.9 %	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)	5.2	15.4	20.2	15.8	20.6	25.1	26.3	27.8	30.1	31.9	33.8	36.2	39.8	44
PV of FCF	4.9	13.5	16.3	11.7	14.1	15.8	15.2	14.8	14.8	14.4	14.0	13.8	14.0	252
share of PVs	8.09 %			33.23 %										58.68 %

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	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	8.65 %	Beta	1.30

Valuation (m)

Present values 2033e	177		
Terminal Value	252		
Financial liabilities	33		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	23	No. of shares (m)	2.5
Equity Value	416	Value per share (EUR)	169.08

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	9.7 %	133.32	135.64	138.12	140.77	143.62	146.68	149.98	1.48	9.7 %	126.31	131.13	135.95	140.77	145.60	150.42	155.24
1.39	9.2 %	144.76	147.57	150.58	153.82	157.31	161.09	165.19	1.39	9.2 %	138.16	143.38	148.60	153.82	159.04	164.26	169.48
1.35	8.9 %	151.11	154.21	157.55	161.14	165.03	169.25	173.84	1.35	8.9 %	144.81	150.25	155.70	161.14	166.59	172.03	177.48
1.30	8.7 %	157.95	161.38	165.08	169.08	173.42	178.15	183.31	1.30	8.7 %	152.02	157.71	163.39	169.08	174.77	180.46	186.14
1.25	8.4 %	165.32	169.13	173.25	177.72	182.59	187.90	193.73	1.25	8.4 %	159.87	165.82	171.77	177.72	183.67	189.62	195.58
1.21	8.2 %	173.30	177.55	182.15	187.16	192.63	198.63	205.25	1.21	8.2 %	168.44	174.68	180.92	187.16	193.39	199.63	205.87
1.12	7.7 %	191.39	196.70	202.50	208.87	215.88	223.65	232.30	1.12	7.7 %	188.17	195.07	201.97	208.87	215.76	222.66	229.56

- 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	2017	2018	2019	2020	2021e	2022e	2023e
Price / Book	4.6 x	5.0 x	3.3 x	3.0 x	5.2 x	4.2 x	3.5 x
Book value per share ex intangibles	7.02	4.82	6.71	10.68	14.85	22.37	30.42
EV / Sales	2.0 x	2.1 x	1.5 x	1.5 x	2.4 x	2.0 x	1.7 x
EV / EBITDA	20.9 x	32.3 x	14.1 x	8.7 x	13.2 x	9.9 x	7.7 x
EV / EBIT	36.7 x	138.3 x	50.4 x	16.4 x	21.2 x	15.1 x	11.3 x
EV / EBIT adj.*	36.7 x	138.3 x	50.4 x	16.4 x	21.2 x	15.1 x	11.3 x
P / FCF	25.5 x	n.a.	n.a.	9.7 x	78.9 x	21.1 x	15.7 x
P / E	46.0 x	210.4 x	n.a.	23.0 x	32.4 x	23.2 x	17.8 x
P / E adj.*	46.0 x	210.4 x	n.a.	23.0 x	32.4 x	23.2 x	17.8 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	1.3 %	1.3 %
FCF Potential Yield (on market EV)	4.5 %	3.4 %	4.6 %	9.8 %	6.4 %	8.3 %	10.6 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Sales	90.5	106.2	115.4	117.6	134.0	152.8	174.2
Change Sales yoy	17.0 %	17.4 %	8.8 %	1.8 %	14.0 %	14.0 %	14.0 %
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	0.0	0.8	0.0	0.0	0.0
Total Sales	90.5	106.2	115.4	118.4	134.0	152.8	174.2
Material expenses	8.5	7.7	6.2	9.4	10.7	12.2	13.9
Gross profit	81.9	98.4	109.2	109.0	123.3	140.6	160.2
<i>Gross profit margin</i>	<i>90.6 %</i>	<i>92.7 %</i>	<i>94.6 %</i>	<i>92.7 %</i>	<i>92.0 %</i>	<i>92.0 %</i>	<i>92.0 %</i>
Personnel expenses	57.8	68.8	78.1	75.6	84.4	94.7	106.2
Other operating income	5.2	3.6	3.8	4.3	5.4	6.1	7.0
Other operating expenses	20.5	26.4	22.7	17.9	20.1	21.4	23.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	8.8	6.8	12.3	19.7	24.1	30.6	37.4
<i>Margin</i>	<i>9.7 %</i>	<i>6.4 %</i>	<i>10.6 %</i>	<i>16.7 %</i>	<i>18.0 %</i>	<i>20.0 %</i>	<i>21.5 %</i>
Depreciation of fixed assets	1.4	2.7	2.0	2.0	2.4	2.8	3.1
EBITA	7.4	4.1	10.3	17.7	21.7	27.8	34.3
Amortisation of intangible assets	2.2	2.5	6.8	7.2	6.7	7.6	8.7
Goodwill amortisation	0.2	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.0	1.6	3.4	10.5	15.0	20.2	25.6
<i>Margin</i>	<i>5.5 %</i>	<i>1.5 %</i>	<i>3.0 %</i>	<i>9.0 %</i>	<i>11.2 %</i>	<i>13.2 %</i>	<i>14.7 %</i>
EBIT adj.	5.0	1.6	3.4	10.5	15.0	20.2	25.6
Interest income	0.1	0.1	0.1	0.2	0.0	0.0	0.0
Interest expenses	0.8	1.6	2.3	1.6	2.0	2.0	2.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	4.3	0.2	1.2	9.1	13.0	18.2	23.6
<i>Margin</i>	<i>4.8 %</i>	<i>0.2 %</i>	<i>1.1 %</i>	<i>7.7 %</i>	<i>9.7 %</i>	<i>11.9 %</i>	<i>13.6 %</i>
Total taxes	0.5	-0.8	4.4	2.8	3.8	5.3	6.8
Net income from continuing operations	3.9	0.9	-3.1	6.3	9.2	12.9	16.8
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	3.9	0.9	-3.1	6.3	9.2	12.9	16.8
Minority interest	0.0	0.0	0.0	-0.1	0.1	0.2	0.2
Net income	3.9	0.9	-3.1	6.3	9.1	12.7	16.6
<i>Margin</i>	<i>4.3 %</i>	<i>0.9 %</i>	<i>-2.7 %</i>	<i>5.4 %</i>	<i>6.8 %</i>	<i>8.3 %</i>	<i>9.5 %</i>
Number of shares, average	1.9	1.9	2.0	2.1	2.5	2.5	2.5
EPS	2.05	0.49	-1.55	3.00	3.70	5.18	6.74
EPS adj.	2.05	0.49	-1.55	3.00	3.70	5.18	6.74

*Adjustments made for:

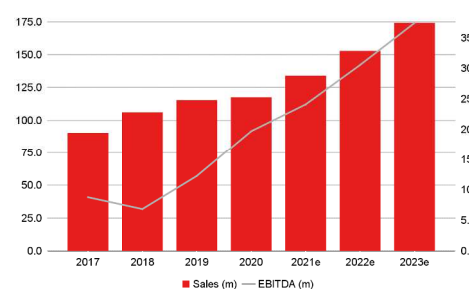
Guidance: n.a.

Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Total Operating Costs / Sales	90.3 %	93.6 %	89.4 %	84.0 %	82.0 %	80.0 %	78.5 %
Operating Leverage	1.6 x	-3.9 x	13.1 x	113.2 x	3.0 x	2.5 x	1.9 x
EBITDA / Interest expenses	11.2 x	4.4 x	5.4 x	12.0 x	12.1 x	15.3 x	18.7 x
Tax rate (EBT)	10.5 %	-439.8 %	354.6 %	31.1 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	28.6 %	22.0 %
Sales per Employee	201,806	232,188	247,572	247,158	276,236	308,734	345,056

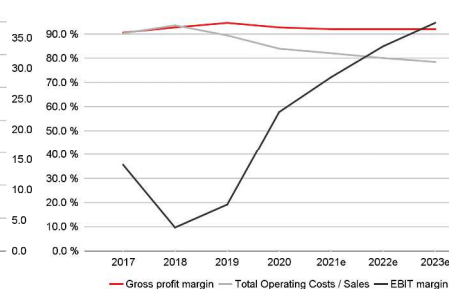
Sales, EBITDA

in EUR m

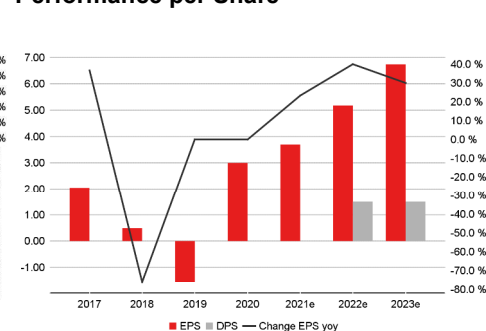


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

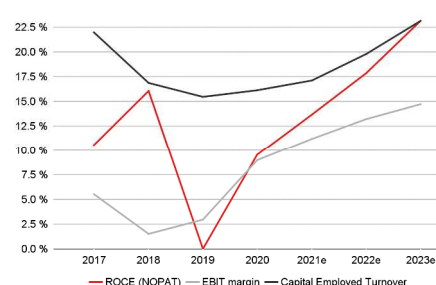
Consolidated balance sheet

In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Assets							
Goodwill and other intangible assets	25.4	30.0	27.6	25.4	20.7	15.1	8.4
thereof other intangible assets	21.4	12.2	22.2	25.4	20.7	15.1	8.4
thereof Goodwill	4.0	17.9	5.4	0.0	0.0	0.0	0.0
Property, plant and equipment	14.2	22.7	33.0	31.1	31.7	31.9	31.8
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	39.6	52.8	60.7	56.6	52.4	47.0	40.2
Inventories	1.0	0.5	0.3	0.2	1.3	1.5	1.7
Accounts receivable	17.7	26.0	24.0	24.0	33.0	37.7	42.9
Liquid assets	30.5	11.8	8.1	9.4	13.2	27.2	42.3
Other short-term assets	17.8	20.0	21.2	20.6	20.6	20.6	20.6
Current assets	67.0	58.4	53.5	54.2	68.0	86.9	107.4
Total Assets	106.6	111.2	114.2	110.7	120.5	134.0	147.6
Liabilities and shareholders' equity							
Subscribed capital	1.9	1.9	2.0	2.1	2.1	2.1	2.1
Capital reserve	20.5	21.4	27.3	28.7	28.7	28.7	28.7
Retained earnings	0.0	0.0	0.0	0.0	9.1	21.9	34.8
Other equity components	16.3	15.8	11.8	17.2	17.4	17.5	17.7
Shareholders' equity	38.7	39.2	41.2	47.9	57.3	70.1	83.2
Minority interest	0.0	1.1	1.1	0.7	0.7	0.7	0.7
Total equity	38.7	40.3	42.3	48.7	58.0	70.8	83.9
Provisions	3.7	3.1	4.2	3.5	3.5	3.5	3.5
thereof provisions for pensions and similar obligations	1.9	1.6	2.8	2.7	2.7	2.7	2.7
Financial liabilities (total)	32.3	34.8	40.1	33.2	33.2	33.2	33.2
thereof short-term financial liabilities	10.3	12.3	13.9	7.8	7.8	7.8	7.8
Accounts payable	1.8	2.4	2.5	3.6	4.1	4.7	5.3
Other liabilities	30.0	30.7	25.2	21.7	21.7	21.7	21.7
Liabilities	67.9	70.9	71.9	62.0	62.5	63.1	63.7
Total liabilities and shareholders' equity	106.6	111.2	114.2	110.7	120.5	134.0	147.6

Financial Ratios

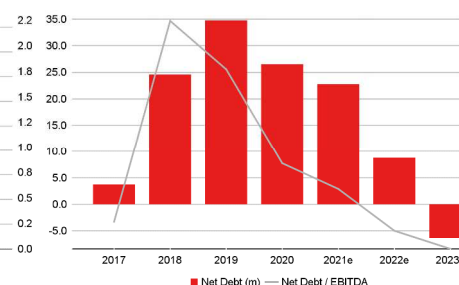
	2017	2018	2019	2020	2021e	2022e	2023e
Efficiency of Capital Employment							
Operating Assets Turnover	3.0 x	2.3 x	2.1 x	2.3 x	2.2 x	2.3 x	2.4 x
Capital Employed Turnover	2.1 x	1.6 x	1.5 x	1.6 x	1.7 x	1.9 x	2.2 x
ROA	9.8 %	1.8 %	-5.2 %	11.2 %	17.4 %	27.1 %	41.2 %
Return on Capital							
ROCE (NOPAT)	10.6 %	16.1 %	n.a.	9.5 %	13.7 %	17.9 %	23.1 %
ROE	11.1 %	2.4 %	-7.8 %	14.2 %	17.3 %	20.0 %	21.6 %
Adj. ROE	11.1 %	2.4 %	-7.8 %	14.2 %	17.3 %	20.0 %	21.6 %
Balance sheet quality							
Net Debt	3.7	24.6	34.8	26.5	22.8	8.8	-6.3
Net Financial Debt	1.8	23.0	32.0	23.8	20.0	6.0	-9.1
Net Gearing	9.6 %	61.1 %	82.3 %	54.5 %	39.3 %	12.4 %	-7.5 %
Net Fin. Debt / EBITDA	21.0 %	337.0 %	261.2 %	120.8 %	83.1 %	19.8 %	n.a.
Book Value / Share	20.3	20.6	20.4	22.7	23.3	28.5	33.8
Book value per share ex intangibles	7.0	4.8	6.7	10.7	14.9	22.4	30.4

ROCE Development



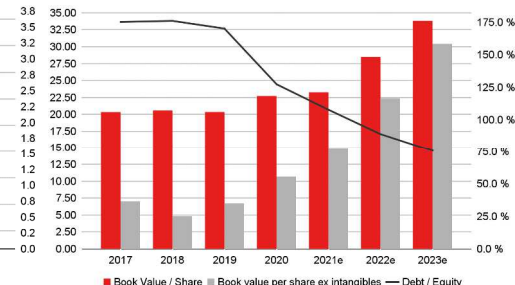
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

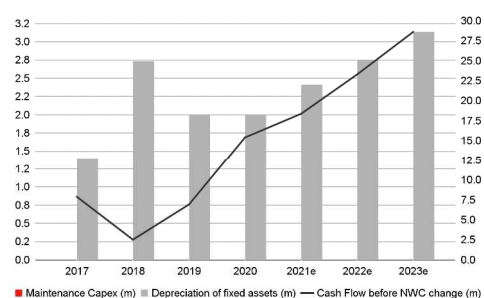
In EUR m	2017	2018	2019	2020	2021e	2022e	2023e
Net income	3.9	0.9	-3.1	6.3	9.2	12.9	16.8
Depreciation of fixed assets	1.4	2.7	2.0	2.0	2.4	2.8	3.1
Amortisation of goodwill	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.2	2.5	6.8	7.2	6.7	7.6	8.7
Increase/decrease in long-term provisions	0.2	-0.3	1.2	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.0	-3.3	0.0	0.0	0.0	0.0	0.0
Cash Flow before NWC change	7.9	2.5	6.9	15.4	18.4	23.3	28.6
Increase / decrease in inventory	0.2	0.5	0.2	0.1	-1.1	-0.2	-0.2
Increase / decrease in accounts receivable	0.3	-8.3	2.0	0.0	-9.0	-4.7	-5.2
Increase / decrease in accounts payable	0.2	-0.3	0.1	1.1	0.5	0.6	0.6
Increase / decrease in other working capital positions	6.6	0.0	-9.6	1.1	0.0	0.0	0.0
Increase / decrease in working capital (total)	7.3	-8.2	-7.1	2.3	-9.6	-4.3	-4.8
Net cash provided by operating activities [1]	15.2	-5.7	-0.2	17.7	8.7	19.0	23.8
Investments in intangible assets	-0.3	-0.3	-0.5	-0.8	-2.0	-2.0	-2.0
Investments in property, plant and equipment	-7.9	-11.7	-3.1	-1.9	-3.0	-3.0	-3.0
Payments for acquisitions	0.0	-3.9	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	-1.1	0.2	0.0	-0.3	0.0	0.0	0.0
Net cash provided by investing activities [2]	-9.3	-15.7	-3.6	-3.0	-5.0	-5.0	-5.0
Change in financial liabilities	17.5	-0.9	5.3	-6.9	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	-3.7
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Other	1.6	0.0	-5.2	-4.4	0.0	0.0	0.0
Net cash provided by financing activities [3]	19.1	-0.3	0.1	-11.3	0.0	0.0	-3.7
Change in liquid funds [1]+[2]+[3]	25.1	-21.7	-3.8	3.4	3.7	14.0	15.1
Effects of exchange-rate changes on cash	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	27.9	8.7	2.3	5.7	13.2	27.2	42.3

Financial Ratios

	2017	2018	2019	2020	2021e	2022e	2023e
Cash Flow							
FCF	7.0	-17.6	-3.9	15.0	3.7	14.0	18.8
Free Cash Flow / Sales	7.8 %	-16.6 %	-3.4 %	12.8 %	2.8 %	9.2 %	10.8 %
Free Cash Flow Potential	8.3	7.6	7.9	16.9	20.4	25.3	30.6
Free Cash Flow / Net Profit	180.8 %	-1907.9 %	124.3 %	237.2 %	41.1 %	109.7 %	113.4 %
Interest Received / Avg. Cash	0.7 %	0.7 %	0.7 %	2.2 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	3.3 %	4.7 %	6.1 %	4.5 %	6.0 %	6.0 %	6.0 %
Management of Funds							
Investment ratio	9.0 %	11.3 %	3.2 %	2.3 %	3.7 %	3.3 %	2.9 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	215.8 %	228.7 %	41.3 %	29.3 %	54.9 %	48.1 %	42.2 %
Avg. Working Capital / Sales	18.1 %	18.9 %	19.9 %	18.0 %	18.9 %	21.2 %	21.2 %
Trade Debtors / Trade Creditors	964.6 %	1100.6 %	965.5 %	667.8 %	804.9 %	802.1 %	809.4 %
Inventory Turnover	8.6 x	14.8 x	21.9 x	47.2 x	8.2 x	8.1 x	8.2 x
Receivables collection period (days)	71	90	76	74	90	90	90
Payables payment period (days)	79	112	146	139	140	140	139
Cash conversion cycle (Days)	-1	2	-53	-57	-5	-5	-4

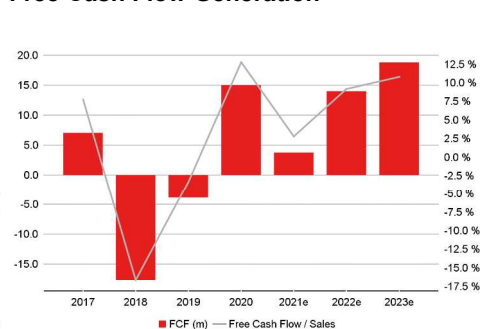
CAPEX and Cash Flow

in EUR m



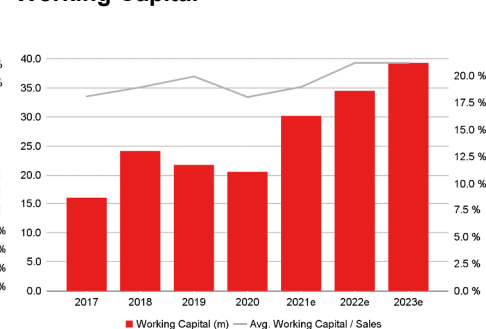
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



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	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0007571424.htm

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-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-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.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	141	67
Hold	59	28
Sell	5	2
Rating suspended	5	2
Total	210	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 28.04.2021


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
FactSet www.factset.com

Thomson Reuters www.thomsonreuters.com
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