

Buy EUR 9.60	Value Indicators: EUR DCF: 9.60 FCF-Value Potential 25e: 5.20	Warburg ESG Risk Score: 3.0 ESG Score (MSCI based): 3.0 Balance Sheet Score: 5.0 Market Liquidity Score: 1.0	Description: Leading point-of-sale systems with a focus on the gastronomy and bakery sector
	Market Snapshot: EUR m Market cap: 32.4 No. of shares (m): 8.0 EV: 37.9 Freefloat MC: 19.0 Ø Trad. Vol. (30d): 29.99 th	Shareholders: Freefloat: 58.60 % Thomas Stümmler: 41.40 %	Key Figures (WRE): 2023e Beta: 1.3 Price / Book: 1.6 x Equity Ratio: 34 % Net Fin. Debt / EBITDA: 2.4 x Net Debt / EBITDA: 2.4 x
Price: EUR 4.05 Upside: 137.0 %			

Higher-than-estimated Q1 results support achievement of top end of FY guidance

Stated Figures Q1/2023: FY End: 31.12. in EUR m <table border="1"> <thead> <tr> <th></th> <th>Q1 23</th> <th>Q1 23e</th> <th>Q1 22</th> <th>yoy</th> <th>23e</th> <th>22</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>8.8</td> <td>8.9</td> <td>6.6</td> <td>33 %</td> <td>38.7</td> <td>25.2</td> <td>54 %</td> </tr> <tr> <td>EBITDA</td> <td>0.5</td> <td>0.2</td> <td>0.1</td> <td>435 %</td> <td>2.3</td> <td>-3.9</td> <td>n.a.</td> </tr> </tbody> </table>		Q1 23	Q1 23e	Q1 22	yoy	23e	22	yoy	Sales	8.8	8.9	6.6	33 %	38.7	25.2	54 %	EBITDA	0.5	0.2	0.1	435 %	2.3	-3.9	n.a.	Comment on Figures: <ul style="list-style-type: none"> Revenues of EUR 8.8m in line with estimate Profitability ahead of expectations
	Q1 23	Q1 23e	Q1 22	yoy	23e	22	yoy																		
Sales	8.8	8.9	6.6	33 %	38.7	25.2	54 %																		
EBITDA	0.5	0.2	0.1	435 %	2.3	-3.9	n.a.																		

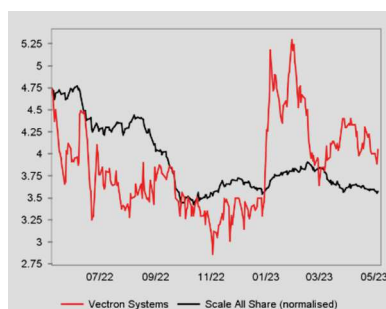
Vectron released Q1 results that were somewhat ahead of expectations at earnings level.

EBITDA came in at EUR 0.5m in Q1, surpassing our estimate of EUR 0.2m. As expected, EBITDA of Vectron's core POS business remained slightly in the red at EUR -0.2m, but this was offset by a contribution of EUR +0.7m from the acquired acardo. Vectron's cost-saving measures will only become fully effective from mid-2023 onwards. These should also enable Vectron to return to a positive result in its core business. The EBITDA contribution from acardo is already at the run-rate expected for the full year (EUR 2.8m contribution to EBITDA), although the development of the business is expected to strengthen somewhat towards the end of the year, driven by the acquisition of new customers. With cost savings coming into effect in H2, Vectron is therefore considered to be well on track to reach the upper end of its FY EBITDA target range (EUR 1.3 – 2.3m), which is also in line with the WR forecast.

Recurring revenues reached EUR 2.9m in Q1 (up from EUR 2.4m in Q1 2022), which now includes annually renewed licences. We expect Vectron to achieve recurring revenues of EUR 11-12m in 2023 and the company appears to be well on track to reach this target.

Besides the transformative acquisition of acardo early this year (at a value-accretive multiple of WRe ~7x EBIT), Vectron will launch a significant number of valuable new digital services for its customers in the hospitality sector (e.g. ordering, payment, reservation, couponing, self-checkout etc.). Some of these will be rolled out in the current quarter. By the end of the year, there should be some analysable data on customer gains and penetration rates, which should serve to underpin the mid-term assumptions.

We continue to believe that Vectron has reached an inflection point, as the acardo acquisition facilitates a return to positive EBIT in 2023 and the introduction of a significant number of new digital services provides the basis for significant earnings growth in the next few years. The Q1 results underline the expected earnings contributions from acardo and show that the FY guidance range can be seen as conservative. We therefore reiterate our Buy rating with an unchanged PT of EUR 9.60, which provides a very attractive risk/reward ratio at current levels.

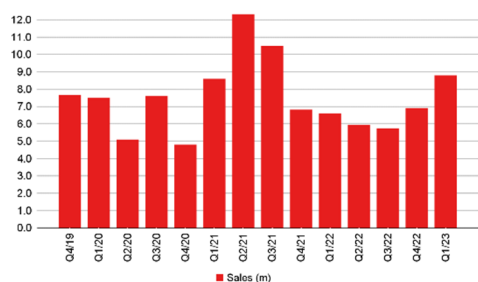


Rel. Performance vs Scale All	
1 month:	-4.5 %
6 months:	33.0 %
Year to date:	17.0 %
Trailing 12 months:	10.1 %

Company events:	
13.06.23	AGM
31.08.23	Q2

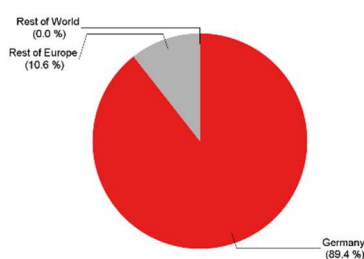
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	26.9 %	25.2	25.0	38.2	25.2	38.7	45.0	51.5
Change Sales yoy		1.4 %	-0.7 %	52.9 %	-34.0 %	53.6 %	16.3 %	14.4 %
Gross profit margin		57.8 %	62.7 %	68.8 %	73.9 %	67.0 %	66.4 %	66.5 %
EBITDA	-	-1.4	-1.7	4.7	-3.9	2.3	5.0	7.7
Margin		-5.5 %	-6.7 %	12.3 %	-15.3 %	6.1 %	11.1 %	14.9 %
EBIT	-	-1.8	-3.0	3.1	-5.4	0.7	3.3	6.0
Margin		-7.1 %	-12.0 %	8.2 %	-21.3 %	1.7 %	7.3 %	11.5 %
Net income	-	-1.4	-2.3	2.4	-5.3	-0.2	2.1	4.0
EPS	-	-0.19	-0.29	0.30	-0.66	-0.03	0.26	0.49
EPS adj.	-	-0.19	-0.29	0.30	-0.66	-0.03	0.26	0.49
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		-0.38	-0.31	1.03	-0.32	-0.21	0.28	0.54
FCF / Market cap		-3.4 %	-3.0 %	9.4 %	-7.3 %	-5.3 %	7.0 %	13.9 %
EV / Sales		n.a.	3.2 x	2.2 x	1.3 x	1.0 x	1.3 x	1.0 x
EV / EBITDA		n.a.	n.a.	17.7 x	n.a.	16.2 x	11.3 x	6.8 x
EV / EBIT		n.a.	n.a.	26.6 x	n.a.	56.2 x	17.2 x	8.7 x
P / E		n.a.	n.a.	36.2 x	n.a.	n.a.	15.6 x	7.9 x
P / E adj.		n.a.	n.a.	36.2 x	n.a.	n.a.	15.6 x	7.9 x
FCF Potential Yield		n.a.	-1.4 %	4.5 %	-11.9 %	6.8 %	6.6 %	10.7 %
Net Debt		-0.9	-3.2	-4.0	-1.2	5.5	4.2	0.9
ROCE (NOPAT)		n.a.	n.a.	11.8 %	n.a.	n.a.	8.7 %	15.2 %
Guidance:		2023: Revenues EUR 36 - 37,8m; EBITDA EUR 1.3 - 2.2m						

Sales development in EUR m



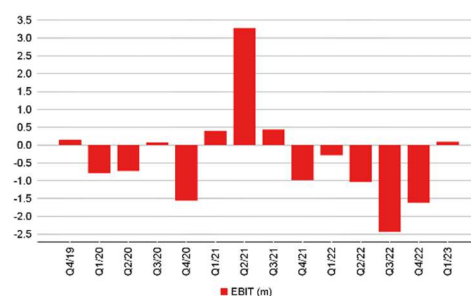
Source: Warburg Research

Sales by regions 2021; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

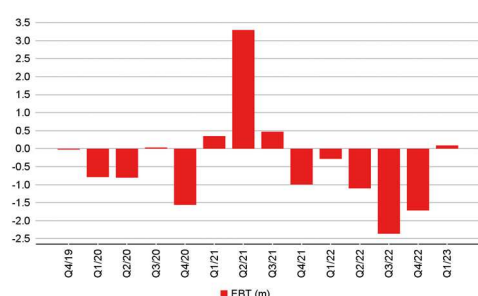
Company Background

- Vectron is a leading provider of POS systems. The products are positioned in the medium to premium segment. With its high degree of functionality, Vectron is one of the technology and innovation leaders.
- Vectron focuses on the market for proprietary POS systems (30% of the overall market). PC-based systems (bulk of the market) usually require higher maintenance and are primarily used by large chain stores.
- Vectron's market share is particularly high in the food service and bakery industries, where the company is market leader for proprietary systems in the German-speaking area with a market share of ca. 25%.
- Vectron has some 180 employees. About one-third are employed in development and product management as the company aims to maintain its position as technology leader.
- With the acquisition of acardo, Vectron establishes a second pillar in (digital) couponing, which should also provide cross-marketing opportunities with its POS business.

Competitive Quality

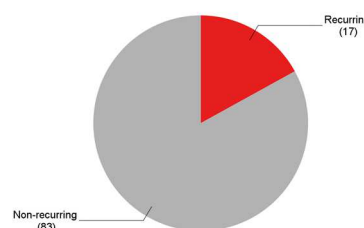
- Factors such as high reliability, ease of operation and low follow-up costs (maintenance/support) are required in the food service and bakery target sectors which are characterised by an atomistic customer structure.
- This explains the high penetration rate of the proprietary POS systems. Given that the large producers of POS systems mainly offer PC-based systems Vectron mainly has to face smaller competitors.
- Vectron differentiates itself from the mainly smaller competitors by rigorously pursuing the further development of the POS systems and thanks to the high additional use offered by wide functionality.
- By focusing on the premium segment, Vectron avoids the typical problems in the lower segment: solely differentiating on price. This is underpinned by gross margins of ca. 55% and ROCEs of well above 10%.
- Growth opportunities presently arise from the digitalisation of the hospitality sector and the new couponing business.

EBT development in EUR m



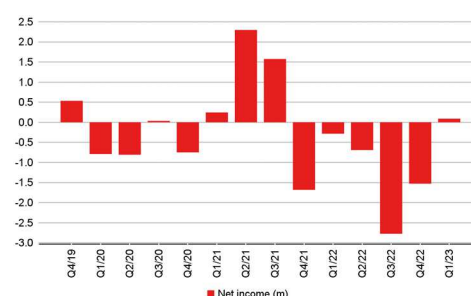
Source: Warburg Research

Recurring sales 2021; in %



Source: Warburg Research

Net income development in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	38.7	45.0	51.5	58.8	67.0	72.3	77.4	82.0	87.0	92.2	96.8	101.6	103.7	
Sales change	53.6 %	16.3 %	14.4 %	14.0 %	14.0 %	8.0 %	7.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	2.0 %	2.0 %
EBIT	0.7	3.3	6.0	8.2	9.4	10.1	10.8	11.5	12.2	12.9	13.6	14.2	14.5	
EBIT-margin	1.7 %	7.3 %	11.5 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	
Tax rate (EBT)	152.0 %	31.0 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	-0.4	2.3	4.1	5.8	6.6	7.1	7.6	8.0	8.5	9.0	9.5	10.0	10.2	
Depreciation	1.7	1.7	1.7	0.9	1.1	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.1	
in % of Sales	4.3 %	3.8 %	3.3 %	1.6 %	1.6 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	
Changes in provisions	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	
Change in Liquidity from														
- Working Capital	2.3	0.8	0.8	1.5	1.4	0.2	0.8	-0.1	0.7	0.8	0.7	0.7	0.3	
- Capex	0.8	0.9	1.0	1.2	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	
Capex in % of Sales	2.1 %	2.0 %	1.9 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	
- Other	0.9	0.9	0.9	0.0	19.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-2.7	1.4	3.1	4.0	-14.7	6.8	6.7	8.0	7.7	8.2	8.7	9.1	9.8	10
PV of FCF	-2.7	1.3	2.6	3.1	-10.4	4.5	4.0	4.4	3.9	3.8	3.7	3.6	3.5	52
share of PVs	1.57 %			31.14 %										67.29 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	15.00 %	Financial Strength	1.20
Cost of debt (after tax)	3.2 %	Liquidity (share)	1.50
Market return	8.25 %	Cyclicality	1.10
Risk free rate	2.75 %	Transparency	1.40
		Others	1.30
WACC	8.89 %	Beta	1.30

Valuation (m)

Present values 2034e	25		
Terminal Value	52		
Financial liabilities	8		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	8	No. of shares (m)	8.0
Equity Value	77	Value per share (EUR)	9.62

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.51	9.9 %	7.50	7.64	7.79	7.94	8.11	8.29	8.48	1.51	9.9 %	6.77	7.16	7.55	7.94	8.34	8.73	9.12
1.41	9.4 %	8.19	8.36	8.53	8.72	8.92	9.14	9.37	1.41	9.4 %	7.45	7.87	8.30	8.72	9.14	9.57	9.99
1.35	9.1 %	8.57	8.75	8.95	9.15	9.37	9.61	9.87	1.35	9.1 %	7.83	8.27	8.71	9.15	9.59	10.03	10.47
1.30	8.9 %	8.98	9.18	9.39	9.62	9.86	10.13	10.41	1.30	8.9 %	8.24	8.70	9.16	9.62	10.08	10.53	10.99
1.25	8.6 %	9.42	9.63	9.87	10.12	10.39	10.69	11.00	1.25	8.6 %	8.69	9.17	9.64	10.12	10.60	11.07	11.55
1.19	8.4 %	9.88	10.13	10.38	10.66	10.97	11.29	11.65	1.19	8.4 %	9.17	9.67	10.17	10.66	11.16	11.66	12.16
1.09	7.9 %	10.94	11.23	11.55	11.90	12.27	12.69	13.14	1.09	7.9 %	10.26	10.81	11.35	11.90	12.44	12.99	13.54

- Increasing digitalization drives mid term sales and profitability increase
- High-margin couponing business supports positives earnings development

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2019	2020	2021	2022	2023e	2024e	2025e	
Net Income before minorities	n.a.	-2.3	2.4	-5.3	-0.2	2.1	4.0	
+ Depreciation + Amortisation	n.a.	1.3	1.6	1.5	1.7	1.7	1.7	
- Net Interest Income	n.a.	-0.1	0.0	-0.1	-0.2	-0.2	-0.2	
- Maintenance Capex	n.a.	0.3	0.3	0.3	0.3	0.3	0.3	
+ Other	n.a.	0.0	0.0	0.0	1.3	0.0	0.0	
= Free Cash Flow Potential	n.a.	-1.2	3.7	-4.0	2.6	3.8	5.6	
FCF Potential Yield (on market EV)	n/a	-1.4 %	4.5 %	-11.9 %	6.8 %	6.6 %	10.7 %	
WACC	8.89 %	8.89 %	8.89 %	8.89 %	8.89 %	8.89 %	8.89 %	
= Enterprise Value (EV)	n.a.	79.8	83.4	33.5	37.9	56.6	52.0	
= Fair Enterprise Value	n.a.	n.a.	41.9	n.a.	29.0	42.2	62.9	
- Net Debt (Cash)	n.a.	5.5	5.5	5.5	5.5	4.2	0.9	
- Pension Liabilities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Other	n.a.	0.0	0.0	0.0	0.0	20.0	20.0	
- Market value of minorities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	n.a.	n.a.	36.4	n.a.	23.4	18.0	42.0	
Number of shares, average	7.2	8.0	8.0	8.0	8.0	8.0	8.0	
= Fair value per share (EUR)	n.a.	n.a.	4.52	n.a.	2.91	2.23	5.21	
premium (-) / discount (+) in %					-28.1 %	-44.9 %	34.0 %	
Sensitivity Fair value per Share (EUR)								
	11.89 %	n.a.	n.a.	3.23	n.a.	2.02	0.92	3.26
	10.89 %	n.a.	n.a.	3.59	n.a.	2.27	1.28	3.81
	9.89 %	n.a.	n.a.	4.03	n.a.	2.57	1.72	4.46
WACC	8.89 %	n.a.	n.a.	4.52	n.a.	2.91	2.23	5.21
	7.89 %	n.a.	n.a.	5.22	n.a.	3.39	2.92	6.25
	6.89 %	n.a.	n.a.	6.08	n.a.	3.99	3.78	7.54
	5.89 %	n.a.	n.a.	7.23	n.a.	4.78	4.94	9.26

- Rising value indication with higher business volume...
- ...this is due to a high operating leverage given gross margins of >50%
- EUR 20m earn-out liability for acardo incorporated

Valuation	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	5.8 x	3.6 x	3.4 x	1.7 x	1.6 x	1.4 x	1.2 x
Book value per share ex intangibles	1.88	2.89	3.05	2.45	-1.09	-0.81	-0.33
EV / Sales	n.a.	3.2 x	2.2 x	1.3 x	1.0 x	1.3 x	1.0 x
EV / EBITDA	n.a.	n.a.	17.7 x	n.a.	16.2 x	11.3 x	6.8 x
EV / EBIT	n.a.	n.a.	26.6 x	n.a.	56.2 x	17.2 x	8.7 x
EV / EBIT adj.*	n.a.	n.a.	26.6 x	n.a.	56.2 x	17.2 x	8.7 x
P / FCF	n.a.	n.a.	10.6 x	n.a.	n.a.	14.2 x	7.2 x
P / E	n.a.	n.a.	36.2 x	n.a.	n.a.	15.6 x	7.9 x
P / E adj.*	n.a.	n.a.	36.2 x	n.a.	n.a.	15.6 x	7.9 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	n.a.	-1.4 %	4.5 %	-11.9 %	6.8 %	6.6 %	10.7 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	25.2	25.0	38.2	25.2	38.7	45.0	51.5
Change Sales yoy	1.4 %	-0.7 %	52.9 %	-34.0 %	53.6 %	16.3 %	14.4 %
Increase / decrease in inventory	0.0	-0.1	0.2	-1.0	0.0	0.0	0.0
Own work capitalised	0.0	0.4	0.1	0.0	0.0	0.0	0.0
Total Sales	25.2	25.3	38.5	24.2	38.7	45.0	51.5
Material expenses	10.7	9.6	12.2	5.6	12.8	15.1	17.3
Gross profit	14.5	15.7	26.3	18.6	25.9	29.9	34.3
<i>Gross profit margin</i>	<i>57.8 %</i>	<i>62.7 %</i>	<i>68.8 %</i>	<i>73.9 %</i>	<i>67.0 %</i>	<i>66.4 %</i>	<i>66.5 %</i>
Personnel expenses	9.3	9.6	12.0	12.4	14.3	15.0	16.0
Other operating income	0.3	0.9	0.1	0.2	0.4	0.3	0.4
Other operating expenses	7.0	8.6	9.7	10.2	9.7	10.2	11.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-1.4	-1.7	4.7	-3.9	2.3	5.0	7.7
<i>Margin</i>	<i>-5.5 %</i>	<i>-6.7 %</i>	<i>12.3 %</i>	<i>-15.3 %</i>	<i>6.1 %</i>	<i>11.1 %</i>	<i>14.9 %</i>
Depreciation of fixed assets	0.2	1.2	1.5	1.3	1.5	1.5	1.5
EBITA	-1.6	-2.9	3.2	-5.2	0.9	3.5	6.2
Amortisation of intangible assets	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-1.8	-3.0	3.1	-5.4	0.7	3.3	6.0
<i>Margin</i>	<i>-7.1 %</i>	<i>-12.0 %</i>	<i>8.2 %</i>	<i>-21.3 %</i>	<i>1.7 %</i>	<i>7.3 %</i>	<i>11.5 %</i>
EBIT adj.	-1.8	-3.0	3.1	-3.9	0.7	3.3	6.0
Interest income	0.0	0.2	0.3	0.2	0.0	0.0	0.0
Interest expenses	0.2	0.4	0.3	0.3	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	-2.0	-3.1	3.1	-5.5	0.5	3.1	5.8
<i>Margin</i>	<i>-7.8 %</i>	<i>-12.5 %</i>	<i>8.2 %</i>	<i>-21.7 %</i>	<i>1.2 %</i>	<i>6.9 %</i>	<i>11.2 %</i>
Total taxes	-0.6	-0.8	0.7	-0.2	0.7	1.0	1.8
Net income from continuing operations	-1.4	-2.3	2.4	-5.3	-0.2	2.1	4.0
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	-1.4	-2.3	2.4	-5.3	-0.2	2.1	4.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-1.4	-2.3	2.4	-5.3	-0.2	2.1	4.0
<i>Margin</i>	<i>-5.5 %</i>	<i>-9.2 %</i>	<i>6.4 %</i>	<i>-20.9 %</i>	<i>-0.6 %</i>	<i>4.7 %</i>	<i>7.7 %</i>
Number of shares, average	7.2	8.0	8.0	8.0	8.0	8.0	8.0
EPS	-0.19	-0.29	0.30	-0.66	-0.03	0.26	0.49
EPS adj.	-0.19	-0.29	0.30	-0.66	-0.03	0.26	0.49

*Adjustments made for:

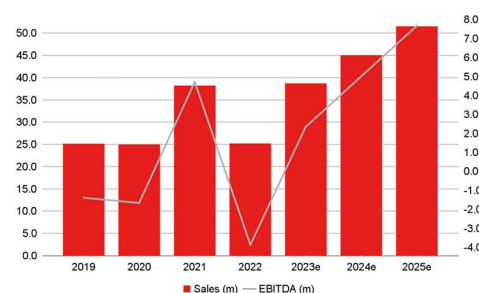
Guidance: 2023: Revenues EUR 36 - 37,8m; EBITDA EUR 1.3 - 2.2m

Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	105.6 %	107.7 %	88.4 %	111.5 %	93.9 %	88.9 %	85.1 %
Operating Leverage	-48.6 x	-103.6 x	n.a.	n.a.	n.a.	23.8 x	5.6 x
EBITDA / Interest expenses	n.m.	n.m.	16.0 x	n.m.	11.7 x	25.0 x	38.4 x
Tax rate (EBT)	28.7 %	26.0 %	22.0 %	3.4 %	152.0 %	31.0 %	31.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	156,331	139,676	211,199	140,094	234,679	276,344	299,628

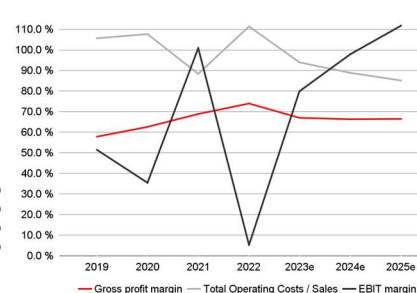
Sales, EBITDA

in EUR m

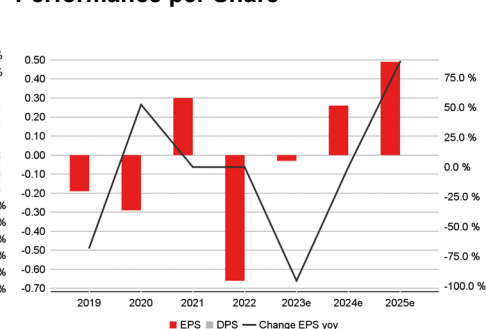


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

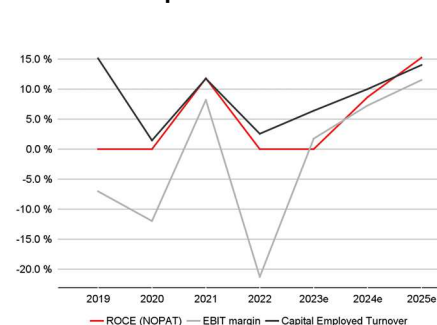
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	0.1	0.1	1.2	0.9	28.9	28.9	28.9
thereof other intangible assets	0.1	0.1	1.2	0.9	0.9	0.9	0.9
thereof Goodwill	0.0	0.0	0.0	0.0	28.0	28.0	28.0
Property, plant and equipment	0.5	1.9	9.6	8.6	8.8	7.9	7.2
Financial assets	2.1	2.1	0.4	0.5	0.5	0.5	0.5
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	2.6	4.0	11.2	10.1	38.2	37.4	36.7
Inventories	5.0	6.7	4.9	3.8	4.8	5.3	5.7
Accounts receivable	5.0	3.5	3.6	2.8	4.2	4.9	5.6
Liquid assets	11.3	8.3	19.9	12.6	5.3	5.6	8.1
Other short-term assets	2.8	9.4	8.2	7.4	7.4	7.2	6.8
Current assets	24.1	27.9	36.5	26.4	21.6	23.1	26.2
Total Assets	26.7	31.9	47.7	36.5	59.8	60.5	62.8
Liabilities and shareholders' equity							
Subscribed capital	7.3	8.0	8.1	8.1	8.1	8.1	8.1
Capital reserve	9.7	20.2	20.2	20.4	20.4	20.4	20.4
Retained earnings	0.0	0.0	0.0	0.0	-0.2	1.9	5.9
Other equity components	-3.3	-5.0	-2.7	-8.0	-8.0	-7.9	-8.0
Shareholders' equity	13.8	23.2	25.6	20.5	20.2	22.5	26.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	13.8	23.2	25.6	20.5	20.2	22.5	26.3
Provisions	1.2	0.3	0.2	0.2	0.2	0.2	0.2
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	10.4	5.1	15.8	11.4	10.8	9.9	9.0
Short-term financial liabilities	10.4	1.9	5.1	2.0	2.0	2.0	2.0
Accounts payable	0.9	2.3	3.2	1.9	2.1	2.5	2.8
Other liabilities	0.4	1.0	3.0	2.5	26.5	25.5	24.5
Liabilities	12.9	8.7	22.2	16.0	39.6	38.1	36.5
Total liabilities and shareholders' equity	26.7	31.9	47.7	36.5	59.8	60.5	62.8

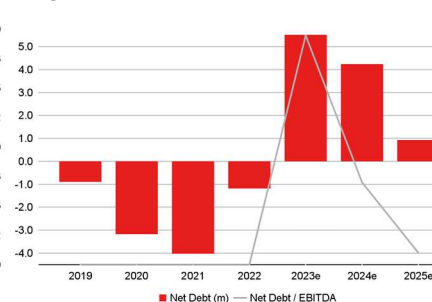
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	2.6 x	2.6 x	2.6 x	1.9 x	2.5 x	2.9 x	3.3 x
Capital Employed Turnover	1.9 x	1.3 x	1.8 x	1.3 x	1.5 x	1.7 x	1.9 x
ROA	-52.7 %	-57.7 %	21.8 %	-52.3 %	-0.6 %	5.7 %	10.8 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	11.8 %	n.a.	n.a.	8.7 %	15.2 %
ROE	-11.6 %	-12.5 %	10.0 %	-22.9 %	-1.2 %	10.0 %	16.3 %
Adj. ROE	-11.6 %	-12.5 %	10.0 %	-22.9 %	-1.2 %	10.0 %	16.3 %
Balance sheet quality							
Net Debt	-0.9	-3.2	-4.0	-1.2	5.5	4.2	0.9
Net Financial Debt	-0.9	-3.2	-4.0	-1.2	5.5	4.2	0.9
Net Gearing	-6.5 %	-13.7 %	-15.8 %	-5.8 %	27.3 %	18.9 %	3.5 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	235.3 %	84.6 %	12.1 %
Book Value / Share	1.9	2.9	3.2	2.6	2.5	2.8	3.3
Book value per share ex intangibles	1.9	2.9	3.0	2.4	-1.1	-0.8	-0.3

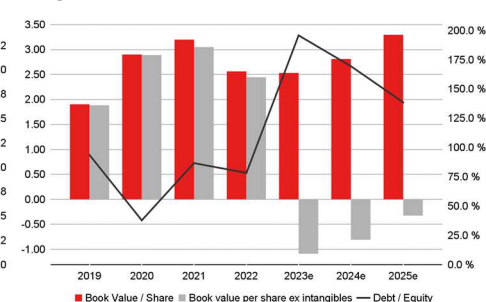
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

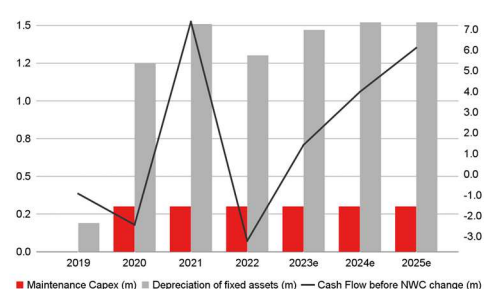
In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	-1.4	-2.3	2.4	-5.3	-0.2	2.1	4.0
Depreciation of fixed assets	0.2	1.2	1.5	1.3	1.5	1.5	1.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.1	-1.5	3.3	0.6	0.0	0.1	0.4
Cash Flow before NWC change	-0.9	-2.4	7.4	-3.2	1.4	4.0	6.1
Increase / decrease in inventory	0.8	-1.8	1.8	1.2	-1.0	-0.5	-0.4
Increase / decrease in accounts receivable	-2.7	1.6	-0.1	0.8	-1.4	-0.7	-0.7
Increase / decrease in accounts payable	0.3	1.4	0.9	-1.2	0.2	0.4	0.3
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-1.6	1.2	2.5	0.8	-2.3	-0.8	-0.8
Net cash provided by operating activities [1]	-2.5	-1.3	9.9	-2.4	-0.9	3.2	5.3
Investments in intangible assets	-0.2	0.0	-1.2	-0.2	-0.2	-0.2	-0.2
Investments in property, plant and equipment	-0.4	-1.2	-0.5	-0.5	-0.6	-0.7	-0.8
Payments for acquisitions	0.0	0.0	0.0	0.0	-29.0	-1.0	-1.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.5	1.7	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-0.1	-0.7	0.1	-0.1	-29.8	-1.9	-2.0
Change in financial liabilities	-2.3	-10.4	1.6	-4.6	-0.6	-0.9	-0.9
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	5.1	11.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	3.4	0.0	24.0	0.0	0.0
Net cash provided by financing activities [3]	2.7	0.7	5.0	-4.6	23.4	-0.9	-0.9
Change in liquid funds [1]+[2]+[3]	0.1	-1.3	15.0	-7.2	-7.3	0.4	2.4
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	11.7	10.0	23.3	12.7	5.3	5.6	8.1

Financial Ratios

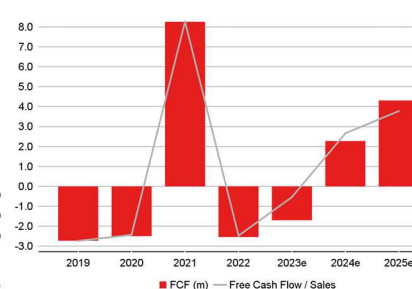
	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	-2.7	-2.5	8.3	-2.5	-1.7	2.3	4.3
Free Cash Flow / Sales	-10.8 %	-10.0 %	21.6 %	-10.1 %	-4.4 %	5.1 %	8.4 %
Free Cash Flow Potential	n.a.	-1.2	3.7	-4.0	2.6	3.8	5.6
Free Cash Flow / Net Profit	196.0 %	108.0 %	338.8 %	48.2 %	690.0 %	106.8 %	108.6 %
Interest Received / Avg. Cash	0.2 %	2.4 %	2.0 %	1.5 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.7 %	4.7 %	2.8 %	2.6 %	1.8 %	1.9 %	2.1 %
Management of Funds							
Investment ratio	2.3 %	4.9 %	4.2 %	2.8 %	2.1 %	2.0 %	1.9 %
Maint. Capex / Sales	n.a.	1.2 %	0.8 %	1.2 %	0.8 %	0.7 %	0.6 %
Capex / Dep	148.7 %	91.7 %	102.9 %	46.6 %	47.9 %	52.3 %	58.1 %
Avg. Working Capital / Sales	32.8 %	33.8 %	17.3 %	19.7 %	14.8 %	16.2 %	15.7 %
Trade Debtors / Trade Creditors	541.0 %	150.5 %	112.9 %	141.4 %	200.0 %	196.0 %	200.0 %
Inventory Turnover	2.1 x	1.4 x	2.5 x	1.5 x	2.7 x	2.9 x	3.0 x
Receivables collection period (days)	73	50	34	40	40	40	40
Payables payment period (days)	32	87	94	127	60	60	59
Cash conversion cycle (Days)	211	219	88	158	117	107	101

CAPEX and Cash Flow

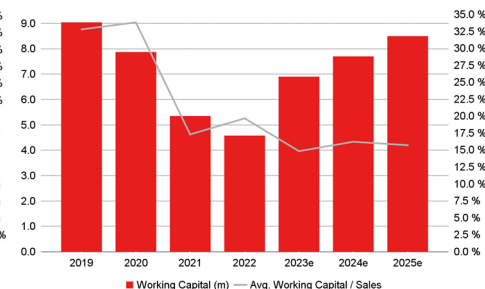
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Vectron Systems AG	3, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A0KEXC7.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

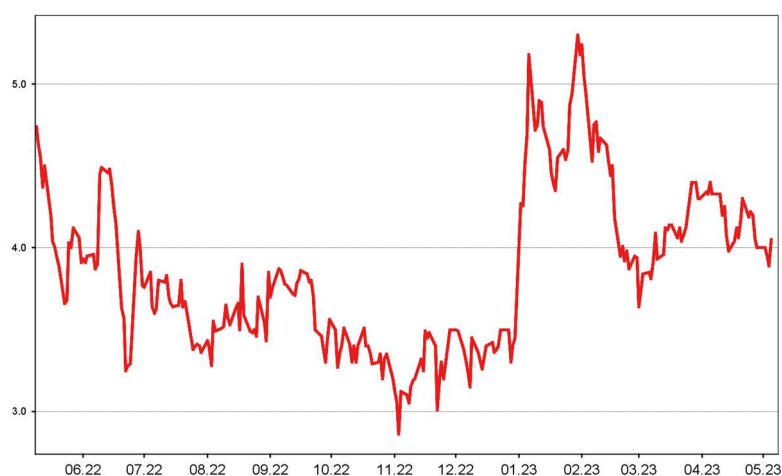
Rating	Number of stocks	% of Universe
Buy	160	75
Hold	43	20
Sell	7	3
Rating suspended	3	1
Total	213	100

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	46	88
Hold	5	10
Sell	0	0
Rating suspended	1	2
Total	52	100

PRICE AND RATING HISTORY VECTRON SYSTEMS AG AS OF 08.05.2023



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.

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